

A modern building with a stone waterfall feature in a lush green setting. The building has a dark, vertical-slatted facade and large glass windows. The waterfall is constructed from stacked stones and flows into a pool. The scene is framed by green foliage in the foreground.

# COMMERCIAL MORTGAGE

*Product review*

Review undertaken **March 2023**

Next review **March 2024**

  
**The Cumberland**  
For Commercial

# PRODUCT GOVERNANCE OVERVIEW

Product approval, development and management at Cumberland Building Society is defined through our Product/Service Management and Governance Policy.

All new products must be run through the product governance 'gate' process at the appropriate stage of development, covering:



Throughout the product governance process, we will use customer/market research, as in addition to assessing literature and customer/marketing communications to ensure customers understand the product and the key messages being delivered by the business.

Once launched, a year 1 review will be undertaken to establish whether the product/service is being taken up by and meets the needs, characteristics and objectives of the target market, and performs as expected. Further reviews will be undertaken at regular intervals including when a product is no longer open for new applications, to ensure customers using the product continue to receive good outcomes. Reviews include a fair value assessment, features & benefits analysis, communications review, monitoring of customer outcomes and customer complaints.

The same process and consideration will be applied to any significant product adaptation.

## PRODUCT GOVERNANCE POLICY

Our approach to product development governance is regularly reviewed and we are satisfied that the process is sufficiently robust. As such, we are happy with our approach to ongoing oversight of the customer journey to ensure good customer outcomes.

Regular reviews in line with our Governance Policy provide confidence that our products are being purchased by suitable customers, within the appropriate target market, accessed using the most suitable distribution channels for their needs.

## VULNERABLE CUSTOMERS

As part of product governance, we consider the needs and objectives of customers with characteristics of vulnerability at all stages of the design process to ensure the Product meets their needs.

Products are tested to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers who have characteristics of vulnerability.

Our business follows a framework to achieve good outcomes for vulnerable customers, which includes:



Group training to ensure colleagues have the knowledge and skills in relation to identification, treatment and consideration of customer vulnerability.



Defined processes for tracking, review, contact strategy, desired outcome and data update.

**Dealers/Brokers must continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.**

# TARGET MARKET STATEMENT

## WHAT IS THE PRODUCT?

These mortgage products are suitable for customers looking to obtain a secured loan to help purchase a property they wish to buy or remortgage.

## WHAT CUSTOMER NEED IS MET BY THESE PRODUCTS?

Our mortgage products are designed to enable:

- ✓ The purchase of a property where the customer has a deposit and needs to borrow the remaining balance.
- ✓ The remortgage of a property where the customer has an existing mortgage with another lender and would like to move this mortgage to another lender, subject to eligibility.
- ✓ Existing borrowers who would like to borrow additional funds on their mortgage account to pay for a large purchase such as business improvements.
- ✓ Existing borrowers who would like to take a new mortgage product when their current mortgage deal comes to end.

## WHO ARE OUR PRODUCTS DESIGNED FOR?

### DISCOUNT MORTGAGE










This product is designed to attract customers that would benefit from a payment rate less than Cumberland Building Society Commercial variable bank rate (CVBR) for a defined initial period.

### FIXED RATE MORTGAGE

This product is designed to attract customers that would benefit the stability of a fixed monthly repayment for a defined initial period, protecting them from the financial shock of unexpected rate increases.

# TARGET MARKET STATEMENT

## WHO ARE OUR PRODUCTS NOT DESIGNED FOR?

-  Any customer under the age of 18 years.
-  Customers who will be older than 81 years of age when a mortgage term ends (Interest Only mortgages).
-  Customers who will be older than 86 years of age when the mortgage term ends (Repayment mortgages).
-  Loan where there are greater than 4 or more joint owners.
-  Customer who could not meet the loan commitments alongside other household financial expenditure.
-  Impaired credit history.
-  Loans secured on a property out of mainland UK.
-  Equity release type lending.
-  Any customer that does not meet our lending criteria.

## CAN THIS PRODUCT BE SOLD WITH OR WITHOUT ADVICE?

The product is offered using an informed choice process.

## HOW CAN THIS PRODUCT BE SOLD?

Cumberland Building Society product are designed for sale through the distribution channel listed below:



### **Segmented Relationship Managed approach through Face to Face meeting, Video Call and Telephone call**

An appointment with an relationship manager who will explain the features and benefits of a range of products allowing the customer to make an informed choice. The relationship manager will ensure the products / service/ information are inclusive and accessible for all, including those with characteristics of vulnerability.



### **Broker Introduction**

The level of interaction from a broker can vary but a relationship manager would complete the applications and during the meeting explain the features and benefits of a range of products allowing the customer to make an informed choice. The relationship manager will ensure the products / service/ information are inclusive and accessible for all, including those with characteristics of vulnerability.

# FAIR VALUE

## HOW IS THE VALUE OF THIS PRODUCT ASSESSED?

We assess the value of our products using quantitative (e.g., metrics) and qualitative information (e.g., processes and controls), including data from our brokers relating to service and remuneration, as appropriate.

This product has been approved in line with Cumberland Building Society product governance processes, including consideration of:

### **Value of Cumberland Building Society product including:**

- (i) Product – Are the features and benefits of the product providing value to the customers.
- (ii) Utilisation – Are the product features and benefits being used by the customers of the target market.
- (iii) Communication & Services – Are the type and quality of the communications & services provided by Cumberland Building Society reasonable for the customers.

### **Impact of distribution on value:**

This includes whether broker remuneration is appropriate and bears a reasonable relationship to the services provided to our customers. If there are concerns, Cumberland Building Society will follow up with the relevant brokers to discuss and agree if any action is appropriate.

Based on the assessment performed, we have established that the product is compatible with the objectives, interests and characteristics of customers of the intended target market and that the distribution strategy is not detrimentally impacting overall product value. We have therefore concluded that this product provides fair value to customers.

## WHAT ARE THE OBLIGATIONS OF OUR DISTRIBUTORS?

### **Manufacturer notification**

All Dealers/Brokers must review their product distribution arrangements at least every 12 months and consider the impact of remuneration against the intended value of their products. Dealers/Brokers must notify the Manufacturer as soon as practically possible if there are any value concerns for which remedial action is required.

### **Remuneration**

Dealers/Brokers must ensure that any remuneration received for any vehicle finance product would not result in the product ceasing to provide fair value to the customer.

### **Provision of information**

If so requested, Dealers/Brokers must provide the Manufacturer with: (i) information on the Dealer/Brokers remuneration in connection with distribution of the product.

# WHAT WE DO



**COMMERCIAL  
LENDING**



**CURRENT & SAVINGS  
ACCOUNTS**



**RESIDENTIAL  
MORTGAGES**



**VEHICLE FINANCE  
PROVIDED BY  
BORDERWAY FINANCE**

# ANY QUESTIONS?

If you have any queries regarding any of the information in the broker pack or fair value assessments then please do not hesitate to email:

[product.team@cumberland.co.uk](mailto:product.team@cumberland.co.uk)