



# PROPERTY SECURED LOANS – BASE RATE TRACKER LOAN AND DEVELOPMENT FINANCE LOAN.

Information sheet updated: 21 July 2025

# Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product.

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under ‘The Consumer Duty’.

This information is intended for intermediary use only and should not be provided to customers. It is one of four information sheets covering our residential mortgage range which includes, flexible mortgage proposition, standard mortgage proposition and product switching proposition.

## 1. Summary of our assessment

We have assessed that:

- Our Property Secured Loan range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

## 2. Product characteristics & benefits

Coutts Mortgage products are split between multiple propositions to meet the bespoke lending needs of Coutts clients. Each proposition has distinctive features and benefits that cover a range of borrowing characteristics.

Each proposition is designed to support differing client needs, with the ability to recommend multiple propositions per application. This includes multiple elements with differing terms, products, and repayment methods. This allows for bespoke tailoring to meet the clients individual borrowing needs.

It is recommended that you view this information sheet in conjunction with the information sheets for our other Coutts Mortgage Propositions.

Our Property Secured Loans Propositions cover **Base Rate Tracker Loan, Development Finance.**

**These products can be secured against a residential property for clients who are:**

- First time, next time or additional property buyers.
- Releasing equity from an unencumbered property.
- Purchasing Land or significantly refurbishing a property with the intention that it will become their Principal Private Residence (PPR).

**The Property Secured Loans Propositions have the below shared features and characteristics:**

- There is a requirement that clients meet Coutts eligibility criteria.
- Coutts eligibility must be met and that includes potentially paying a relationship tariff, income and asset thresholds being met. Clients will have the option to have a full banking relationship including a Current Account, however if the client chooses not to, we will set up a Servicing Account for collection of related fees and over-payments.
- A range of Loan to Value options available.
- Guarantor and Multiple Party options.
- Lending into retirement.
- High Net Worth Exemption.
- Ability to port the product when moving home.
- Available to Individuals, Trusts, and non-trading SPVs.

## Unique Features of our Flexible Propositions include:

### Base Rate Tracker Loan:

- Minimum borrowing limit of £1,000 and are uncapped.
- Minimum term 6 months.
- Tracks the Coutts Base Rate until the end of term.
- Monthly or Quarterly repayment options.
- Capital & Interest, Interest Only.
- Unlimited over payment options.
- Direct/3rd Party and Cross Collateralisation Security options.
- Fee Free Valuation (for standard property types valued up to £3,000,000).
- Must be secured against first or second legal charge in England, Wales, or Scotland.

### Development Finance:

- Self-build development (Significant refurbishment).
- Loans are available from £1000.00 and are uncapped.
- Terms can be from 1 month to maximum 2 years.
- Development loans are typically structured across two loans:
  - Land loan: single drawdown to assist with the purchase/refinance of the land.
  - Development loan: drawn in stages against Monitoring Surveyor's Reports.
- The loan can be drawn in up to 24 staged drawdowns across the development period.
- First draw down must be drawn within the first 3 months with a £100 minimum.
- Interest Only repayment option.
- Cannot be used in conjunction with any other mortgage propositions secured on the same property.
- Cannot be used for development for profit, where the intention is to sell or rent the property for profit.

## 3. Target market assessment and distribution strategy

The below Target Market Assessment Matrix links the proposition to the needs and objectives of the target market. Recognising the differing client needs enables you to tailor the services you provide when you distribute the product.

Wealth clients may display needs for multiple propositions; therefore, it is important to fully understand the needs and circumstances of the client in order to ensure the correct mix of product propositions is considered.

### Base Rate Tracker Loan:

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
<p>New and existing homeowners who are moving home (which can include First Time Buyers).</p> <p>Existing homeowners who are buying a second home.</p> <p>Existing homeowners who have an unencumbered property looking to release equity from their home.</p>	<p>Available through Direct and Intermediary* channels.</p> <p>Only available through advised sale channel.</p>	<ul style="list-style-type: none"> <li>• Require a short-term borrowing facility (Including Bridging Finance).</li> <li>• Want to overpay the mortgage without restriction.</li> <li>• Want certainty of margin over base rate, for the term of the facility.</li> <li>• To make monthly or quarterly payments.</li> <li>• Comfortable with interest rate changes.</li> <li>• To repay the capital by the end of the mortgage term or take the mortgage on interest only (Subject to having a suitable repayment vehicle).</li> <li>• To continue to be a homeowner.</li> <li>• Require second charge borrowing.</li> </ul>

## Development Finance:

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Clients looking to purchase land, to develop, self-build a property with the intention it will become their PPR.	Available through Direct and Intermediary* channels.  Only available through advised sale channel.	<ul style="list-style-type: none"><li>• To purchase land to build their home.</li><li>• To have flexibility to fund the development in tranches as needed, within an agreed limit.</li><li>• Comfortable with variable interest rates, quarterly repayments, and development monitoring fees.</li><li>• To repay the capital by the end of the mortgage by moving the lending onto a standard mortgage product.</li></ul>
Existing homeowners who are looking to undertake significant refurbishment to their property.	Available through Direct and Intermediary* channels.  Only available through advised sale channel.	<ul style="list-style-type: none"><li>• To have a flexibility to fund the refurbishment in tranches as needed, within an agreed limit.</li><li>• Comfortable with variable interest rates, quarterly repayments, and development monitoring fees.</li><li>• To repay the capital by the end of the mortgage by moving the lending onto a standard mortgage product.</li></ul>

\*Intermediary distribution through:

- Networks and their Appointed Representatives.
- Mortgage clubs.
- Directly authorised mortgage intermediaries.

Intermediaries must be registered with us, or apply to be registered via this link [Mortgage Intermediary Registration](#).

### These Products are not designed for customers who:

Do not meet our Lending and Affordability Criteria, which includes but is not limited to customers who:

- Are under 18.
- Are severely credit impaired borrowers.
- Want to purchase a property outside of the UK.
- Purchasing a property to let.
- Do not meet Coutts eligibility criteria.

### 4. Customers with characteristics of vulnerability

Our propositions are designed for clients within the target market. This will include some clients with characteristics of vulnerability, or who may experience vulnerability over time.

It is possible that the income and assets associated with wealth clients can mitigate some forms of vulnerability, and some clients who have experience with mortgage products may have a good understanding of the benefits and risks.

However, there is still likely to be customers who may require greater levels of support to ensure they are aware of the product benefits and risks and have a good understanding of the information provided to them.

We have considered the needs and objectives of customers with characteristics of vulnerability in the design process for this product.

**We have vulnerability frameworks in place to achieve good outcomes for vulnerable customers, which include:**

- Recognising that all customers may experience periods of temporary or persistent vulnerability.
- Ensuring our staff are suitably trained to identify, engage with, and support the needs of our vulnerable customers.
- Providing flexibility within our approach to policy, service provision and communications, making reasonable adjustments, where appropriate, to support good outcomes for our vulnerable customers.
- Ongoing monitoring to identify and respond to the needs of vulnerable customers.
- We recognise that there is further work being undertaken in Wealth and Group wide to meet the changing standards

Intermediaries should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the Product.

## **5. Our assessment of value**

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Retail Risk Committee, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

It is the responsibility for all Distributors to ensure their own charges for distributing the product or service represents fair value for the customer.

**Our fair value assessment has considered the following:**

### **Benefits**

- The range of features provided.
- The level of customer support provided.
- The level of customer service provided.

### **Price**

- The interest rate charged, including the arrangement fee.
- The fees and charges the customer pays for the product.
- Comparable products and price in the marketplace.
- Procuration fees paid to intermediaries.
- Consideration of fees intermediaries charge a customer for advice (Market average used).

### **Costs**

- The cost of creating the product (i.e., costs that contribute to running the bank).
- The cost of funding the product.
- The cost of processing the application.
- The cost of administering the product.
- The cost of closing the product.

### **Limitations**

- Any limitations on the features of the product.
- Any limitations on the service of the product.
- Any limitations on the support provided for the product.
- Any limitations with the approach of agreeing and applying exceptions on consistent basis.

## **Results of our assessment**

Based on the above factors the product currently delivers fair value for its intended target market.