

# Regulated Mortgage Contracts – Bridging Finance

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Octopus Real Estate Residential Lending Team Consumer Duty Product  
Pack for distributors

July 2024

**octopus**investments

A brighter way


# How Octopus is positioned to prioritise good outcomes for customers

Octopus is a group of innovative entrepreneurial businesses investing in the people, ideas and industries that will help change the world


**AUM: £13.5bn**  
**Employees: 700+**  
**Investors: 60,000**




Supporting more than **11,000 advisers** through **55 technical specialists** and a **dedicated intergenerational planning team**





**150** dedicated investment professionals across sector specific teams



**Award winning:**




Five star rating in the **Financial Adviser Service Awards** for 9 years running


**Strong balance sheet:**




**Certified**



- Meeting the highest standards of verified social and environmental performance, public transparency and legal accountability.
- Working to redefine success in business by measuring success by more than just profit.
- The interests of employees, customers, communities, environment and shareholders are treated equally.



Octopus to 31 March 2024. Funds Under Management data includes undrawn commitments, funds under advisory mandates and funds monitored. It also includes funds under the management of Octopus Renewables Limited.

# Octopus Real Estate (ORE)

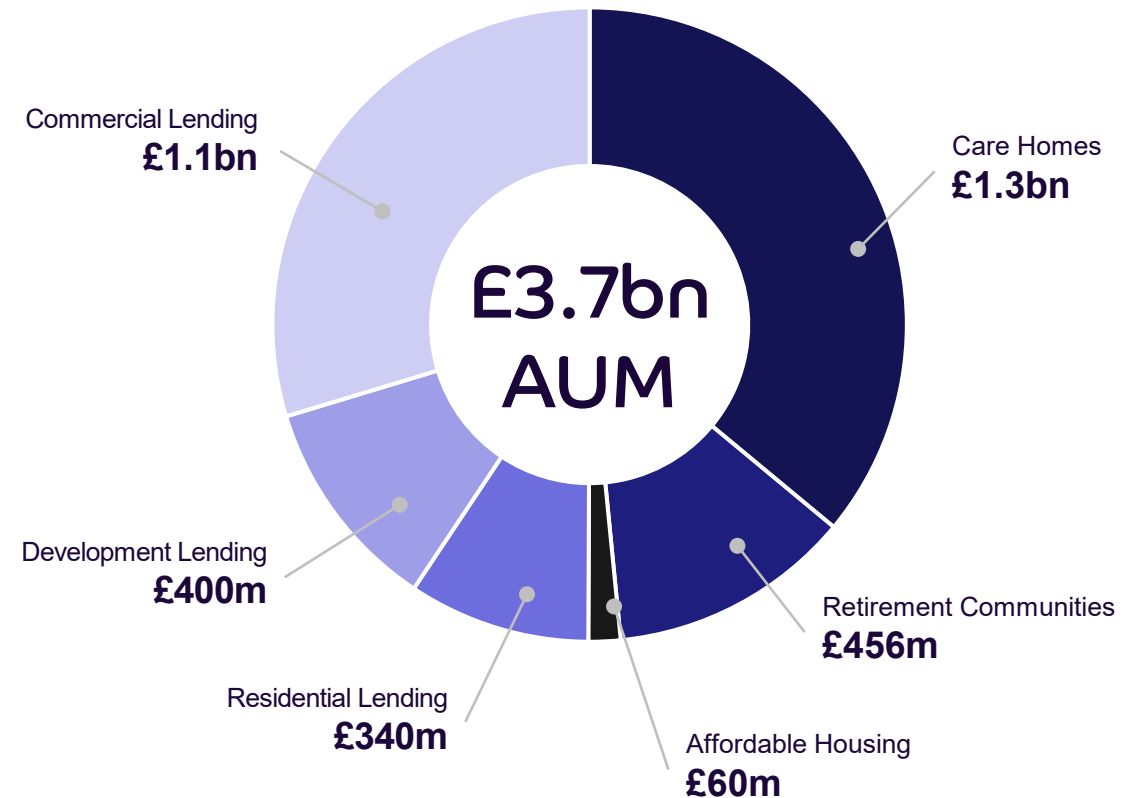
Funding the entire real estate lifecycle

## Real Estate Investment

- Award-winning healthcare, later living and affordable housing investor<sup>1</sup>
- 15-year track record with over £1.8 billion of AUM across these sectors
- Team of 30+ including in-house Assurance team

## Real Estate Lending

- Leading UK non-bank property lender
- 15-year track record with over £1.9 billion of AUM and £6.7 billion / 4,960 loans completed since inception
- Team of 50+ including in-house servicing and portfolio team



Source: Octopus Real Estate, as at 31 March 2024. (1) Octopus Real Estate awarded LaingBuisson 'Investor of the Year' 2023; HealthInvestor 'Property Investor of the Year' 2023; and HealthInvestor 'Seniors Housing Development of the Year' 2023. Numbers have been rounded and may not sum.

# Consumer Duty at Octopus Real Estate

## Information for Intermediaries

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' rules. This information is intended for intermediary use only and should not be provided to customers.

# Products and Services

We undertake a complete review of this product every year to ensure it continues to deliver good outcomes for customers

## Target for a good outcome

## Outcome achieved

**A range of loan to value tiers to provide appropriate value**

Yes

**We believe the product continues to meet the needs, characteristics and objectives of the target audience**

Yes

**Time taken to underwrite within internal tolerance**

Yes

**Complaints within internal tolerance levels**

Yes

**Product sold only via the defined distribution channels**

Yes

**Product provides appropriate options for interest only / interest roll up**

Yes

**Availability for making capital repayments and early repayment**

Yes

The product is not designed for borrowers who require more traditional long term mortgage solutions and is designed to meet short term bridging finance offering speed of origination.

A good outcome for customers had been achieved over the review period Yes

# Price and Value

A good outcome for customers is every borrower having been provided with the core product features and appropriate servicing during the lifetime of the loan at a fair price in absolute terms and considered in terms relative to the wider marketplace (speed and efficiency)

Target for a good outcome	Major relevant factors	Achieved in the period
1. Every borrower is provided with the core product services	Bridging proposition reflects the current market pricing	Yes
2. Important product outcomes are achieved for every borrower	Product is suitable for the target audience in allowing speed to completion where more traditional long term mortgage products are not available	Yes
	Accuracy of documentation	Yes
	Broker fee less than 2%	Yes
3. Advice provided by an FCA registered broker	ESIS / Offer accurately provided by ORE lending team	Yes

Date of last price and value review: July 2024

A good outcome for customers had been achieved over the review period

# Consumer understanding

A good outcome for our customers is being able to understand all of our communications and collateral to make informed borrowing decisions

<b>What is a good outcome</b>	<b>How we assess it</b>	<b>Most recent outcome</b>
<b>All of our customer communications and fin proms have gone through the defined production process</b>	We have a system in place which ensures no material leaves the building without the relevant sign-offs	All material went through the correct production process
<b>The benefits and risks of the loan are clear and not misleading in our collateral</b>	Readability assessment and direct customer feedback	Our brochures and Ts and Cs had a 'plain English' readability outcome
<b>Our core collateral provides enough information to allow our customers to decide whether or not the loan is right for them</b>	Readability assessment	

# Consumer support

A good outcome for customers is when they have been supported throughout their journey with us

Category	A good outcome is where:	Outcome achieved
Customer service resource	We have accessible and appropriate customer service (Customer Team) resource (email, phone) and we are within our SLAs	No*
Customer comms touchpoints	All customers receive timely communications at identified touchpoints.	Yes
Avenues for feedback	Customers continue to use various methods to tell us where things could work better	Yes
Feedback received	Customer Feedback is reviewed and acted on where appropriate	Yes
Complaints	All complaints are responded to within SLA and concluded within regulatory guidelines.	Yes
Provisions for vulnerable clients	Vulnerable customers are identified, MI is reviewed, and actions taken to accommodate them	Yes

\*Although we suitable avenues for customers to make contact our customer feedback and telephone call data confirms that we are not meeting our SLAs. A project has been created to improve this outcome.



# Our assessment of value

We have developed a comprehensive assessment process which evaluates several aspects of our business to determine the value of our mortgage products. This analysis is used to ascertain whether the products deliver fair value for customers. The outcomes of the assessment process are presented to the Octopus Real Estate Product Governance Group, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

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

### **Benefits**

- We review both the financial and nonfinancial features and benefits of the product in relation to customer need, for example, interest, time/effort to access, buy, amend or cancel a product.

### **Price**

- We assess the way in which the price of the product and associated features / services affects its value to customers.

### **Costs**

- We review the costs incurred in manufacturing and distributing the product to ensure they are understood and governed and are fairly reflected.

### **Limitations**

- We also account for non-financial costs to the customer, such as the time & effort involved in managing the product, the 'cost' of providing their data, etc. We consider the limits of the product's benefits and features, and how these may impact the fair value. Where limitations exist (e.g. an overpayment feature for a mortgage product) we ensure these are clearly defined and can articulate the reasons for such limitations.

# Glossary

Regulated Mortgage Contract – Bridging Loan anticipated fee breakdown:

- Broker Fee – Determined by the broker, capped by Octopus Real Estate at 2.5%
- Lender Fees – Arrangement fee 2%
- AVM Valuation – £75 deducted from the loan
- Non-AVM Valuation fee scale

**For standard residential only (no works, no HMO etc)**

Property value	Cost (including VAT)					
	CKM	Taylor Wilkinson	London's Surveyors & Valuers	Levene	Capital Value	Devilliers
£0-£200,000	480	480	480	660	810	960
£200,001-£300,000	480	480	480	660	810	860
£300,001-£400,000	540	540	540	660	810	960
£400,001-£500,000	660	660	660	660	810	960
£500,001-£600,000	720	720	720	720	810	960
£600,001-£700,000	780	780	780	780	810	960
£700,001-£800,000	900	900	900	840	840	960
£800,001-£900,000	1,020	1,020	1,020	960	870	1,080
£900,001-£1,000,000	1,080	1,080	1,080	1,188	960	1,080
£1,000,001+	n/a	n/a	QUOTE	QUOTE	QUOTE	QUOTE

If the property is not a standard residential unit (i.e. a flat or house) with no works, then these valuations will all be subject to quotes.