



INTERMEDIARY

Consumer Duty Fact Sheet

The FCA's New Consumer Duty (The Duty) applies to regulated products and firms. Whilst MFS is registered with the FCA for anti-money laundering supervision, it is not regulated by the FCA (i.e., MFS does not hold part IV permissions). MFS does not provide regulated products (including consumer buy-to-let (BTL)), consequently, **all of MFS' lending is out of the scope of the new Consumer Duty regulations.**

Notwithstanding the above, and in the spirit of The Duty, MFS wants to ensure the regulated parties that act as our intermediaries are given sufficient information regarding the products we offer. In doing this, MFS enables the regulated party (i.e. the broker) to provide the correct information to the target market (i.e. the borrower) thus assisting the regulated party in meeting their requirements under The Duty.

The MFS propositions have been assessed in the following areas:



MFS Target Customer Groups

Investors looking to achieve their goals through unregulated property finance, including:

- » First Time Landlords
- » Professional & Portfolio Landlords
- » Property Developers & Refurbishment Projects
- » Expats & Foreign Nationals
- » Onshore & Offshore Companies
- » Clients with Complex Needs & Requirements
- » Complex Deals
- » Adverse Credit Customers
- » Commercial or semi-commercial properties with short term Bridging Finance



Customer groups MFS products are NOT designed for

- » Retail customers, or those requiring finance for non-investment or speculative reasons (e.g. release equity to pay a personal tax bill or reduce their personal mortgage, buy crypto).
- » Customers looking to purchase residential property for owner-occupation
- » Consumer BTL (accidental landlords, clients who used to occupy the security property)
- » Clients that require capital and interest repayment mortgage
- » Expats & Foreign Nationals residing in sanctioned countries, or those listed on the UK AML Regulations 2021 or on the FATF-blacklisted countries
- » Clients who require commercial or semi-commercial BTL property funding
- » Customers who do not meet our lending or property criteria

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Needs & Objectives

All our products are to aid borrowers achieve their financial goals – whether that is purchasing properties or refinancing them to use the funds for further investment.

The following table outlines some of the main types of financing to suit such investors:

Target Customer Groups	Needs & Objectives (for customers wanting or in need of:)
All non-retail customer groups	Those wanting stronger leverage - larger loan sizes and mid-to-high loan-to-value (LTV) lending
All non-retail customer groups	Ability to fix the cost for a defined period for budget reasons or variable funds based on their understanding of base rate fluctuations
All non-retail customer groups	Ability to roll & defer interest to increase leverage or for flexibility purposes (e.g. time to find a tenant or refurb before letting)
All non-retail customer groups	Access to capital raise for business purposes
All non-retail customer groups	Have specialist/complex circumstances that require manual underwriting and flexible affordability assessment
Complex deals involving non-retail customer groups	Access to funding for potentially higher-yielding assets such as HMOs, MUFBs, or Short Term Lets, not covered by the main banks
Non-retail Property Developers & refurbishment projects	Access to short-term lending with retained interest for refurbishment projects and development exits. They understand that interest is due at redemption of the loan
First Time Landlords (non-retail)	Funding for the acquisition of their first investment property to achieve investment goals, or to start building a portfolio
Non-retail Expats & Foreign Nationals Onshore & Offshore Companies	Funding to access the UK property market for offshore entities, who are confident/knowledgeable or have trusted advisors in the UK
Credit Impaired non-retail Customers	Ability to improve credit profile whilst with MFS to regain access to lower cost funding in future

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Customers with characteristics of vulnerability

- » MFS products are designed for confident borrowers acquiring property for investment and business purposes.
- » Due to the risk of Bridging and BTL Finance, particularly on a B2B basis where the values tend to be higher than on a retail basis, as a principle, MFS will likely decline any initial applications where the borrower is reasonably determined to be vulnerable, for example, if a vulnerability is determined during the application process, MFS may suggest that the borrower defer their application until such times as the vulnerability is better understood, managed or dissipated.
- » Any borrower behaviours showing signs of vulnerability are flagged to senior management for consideration of the appropriate action that can or should be taken.
- » MFS will endeavour to appropriately understand and support existing customers who may become vulnerable during the lifecycle of their loan.

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Distribution Strategy

MFS distribution channels include:

- » Direct client sales and repeat borrower business
- » Intermediary channels:
 - Networks & Appointed Representatives
 - Mortgage Clubs
 - Directly Authorised Intermediaries
 - Unregulated Brokers
- » Master Brokers & Packagers

All intermediaries must be registered with MFS and meet our due diligence requirements.

MFS has assessed that our distribution strategy remains appropriate for the target market segments.

6 Value Assessment

BENEFITS	PRICE	COST	LIMITATIONS
<p>Specialist lending products with flexible features:</p> <ul style="list-style-type: none"> ● Ability to roll & defer interest ● Manual affordability assessment ● Availability of top slicing ● Manual underwriting and broad, flexible criteria ● Tiered, risk-based pricing 	<p>The interest rates, fees and charges customers pay for the Product, comparable market rates, advice fees paid to Intermediaries, and non-financial costs associated with operating the Product.</p>	<p>The cost of funding the Product and any other reductions in costs to the customer made possible by economies of scale.</p> <p>The operational costs of delivering the product including the cost of manually underwriting each case, and the cost of delivering market-leading service levels.</p>	<p>Limitations in features of the products:</p> <ul style="list-style-type: none"> ● Short to mid term lending solution ● Limits to loan size and LTV ● Limitations in credit policy and underwriting criteria that may not suit all applicants

7 Implementation of changes

MFS believes that its Product continues to deliver fair value for Customers in the target market for the Product, and shall review this assessment at least annually to ensure that it continues to do so. If during the review process any change that impacts this conclusion is identified all relevant parties shall be notified.



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