

# BORDERWAY FINANCE

*Product review*



Review undertaken **March 2023**

Next review **March 2024**

  
**Borderway Finance**  
friendly motor finance



# PRODUCT GOVERNANCE OVERVIEW

Borderway Finance Limited is a subsidiary of Cumberland Building Society and as such, applies a consistent approach to product approval, development and management as defined in the Cumberland Building Society Product/Service Management and Governance Policy.

All new products are subject to 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?

Our Motor Finance products are suitable for customers who require funding to purchase a vehicle or other asset.

## WHAT CUSTOMER NEED IS MET BY THESE PRODUCTS?

Our motor finance products are designed to enable:

- ✓ The purchase of a motor vehicle where the customer has paid a deposit and needs to borrow the remaining balance.

## WHO ARE OUR PRODUCTS DESIGNED FOR?

Customers purchasing a motor vehicle or other asset sold by an FCA authorised supplier/motor dealer where the customer has paid a deposit and needs to borrow and repay the remaining balance at a fixed rate and fixed term, where the repayments are affordable.

### HIRE PURCHASE

This product is designed to attract customers that would benefit from repaying the capital and interest in full at a fixed rate and monthly repayment over a fixed period, protecting them from the financial shock of unexpected rate increases.








### LEASE PURCHASE

This product is designed to attract customers buying a vehicle up to 4 years old that would benefit from a lower monthly payment when compared to a Hire Purchase agreement, by deferring an element of capital repayment to the end of the agreement, whilst benefiting from the stability of a fixed rate and monthly payment for a fixed initial period, but with a strategy to repay the outstanding capital (Balloon Payment) at the end of the agreement.



# TARGET MARKET STATEMENT

## WHO ARE OUR PRODUCTS NOT DESIGNED FOR?

-  Any customer that is under 18 years old.
-  Customers where the LTV is above 120% of retail value provided by a reputable vehicle valuation provider.
-  Customers buying a vehicle that will be older than 15 years at the end of the agreement.
-  Customers looking for total loan value greater than £250,000 for a single loan.
-  More than 3 joint applicants (lending to a partnership with more than 4 partners is acceptable though).
-  The borrower is a limited company incorporated outside the UK.
-  Customers not buying from a motor dealer.

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

Yes. The product is offered using an informed choice process.

## HOW CAN THIS PRODUCT BE SOLD?

The sales journey must identify customer need and eligibility, and ensure key information such as features, benefits and exclusions are presented in a way that supports customer understanding.

Products are designed for sale across multiple distribution channels to meet the customer preference:



### **Direct Contact (face to face or telephone)**

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



### **Website**

Customers self serve with access to a single product.



### **Broker/Introducer**

An appointment with a salesperson who will explain the features and benefits of a range of products allowing the customer to make an informed choice. The advisor 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 distributors relating to service and remuneration, as appropriate.

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

### **Value of the Borderway Finance motor finance product including:**

- (i) Product – Do the features and benefits of the product provide value to customers.
- (ii) Utilisation – Are the product features and benefits being used by customers of the target market.
- (iii) Communication & Services – Are the type and quality of communications & services provided by Borderway Finance Limited, reasonable for customers.

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

This includes assessing whether distributor remuneration is appropriate (CONC 4.5.2) and bears a reasonable relationship to the services provided to our customers. If there are concerns, Borderway Finance Limited will agree remedial action where 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.



# PERSONAL SERVICE

*Dedicated account managers*



**Personal, relationship based approach**



**Direct contact**



**Short lines of communication**



**Dealer/Broker feedback on products, pricing and process welcomed and considered when shaping our proposition**



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# WHAT WE DO



**COMMERCIAL  
LENDING**



**CURRENT & SAVINGS  
ACCOUNTS**



**RESIDENTIAL  
MORTGAGES**



**VEHICLE FINANCE  
PROVIDED BY  
BORDERWAY FINANCE**





**Borderway Finance**

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