

Name of product / service:	Private Label – High Net Worth Products
Assessment reason:	Consumer Duty
Reviewer name:	Steve Burch - Group Head of Compliance

Service description

A non-regulated activity assisting brokers in finding regulated and non-regulated products for their clients. The HNW Private Label range of products are bespoke, and exclusive in nature and assessed on individual merits which requires additional credit approval from the lenders who are offering these products. Brightstar will be exploring bespoke options with this limited lending panel producing lender AIP / illustration / ESIS and document requirements. Assessing application documentation and obtaining supporting items (such as valuations, consents, credit searches) prior to lender submission. Providing and responding to lender updates pre-application, post-application, pre-offer, post-offer, and all relevant parties pre-completion.

Target market

Networks, Brokers and Introducers looking to obtain specialist solutions for their clients who are of High Net Worth status, seeking; residential mortgages, BTL mortgages, second charge mortgages, bridging or development finance, commercial mortgages, asset finance or consumer finance who have been refused by mainstream lenders, or have limited options within the mainstream market. The target market may include professional persons, recently highly qualified persons, recently domiciled UK citizens, those who are recently self-employed with a history within the same profession or industry or those with good credit standing but remain unacceptable to mainstream providers.

Limitations

This service is not available for any client that does not meet the definition of High Net Worth (minimum of £300,000 pa income or £3,000,000 in net assets). Clients who have no adverse credit history or unusual circumstances that would ordinarily meet mainstream lenders requirements. We have no access to direct to customer rates. Individuals whose circumstances may still prevent a solution, even in the specialist market. Clients that fall below the expected minimum equity amount, e.g., with an LTV of 90% or higher may be excluded from some lenders. Clients who do not meet the lending criteria of any of our panel of lenders. Clients who are unable to demonstrate they have the means to comfortably repay any proposed loan. Clients who have been convicted or suspected of fraud or fail AML verification checks. Clients who are foreign nationals domiciled outside of the UK and are not a Director of a UK Ltd Company or have considered a Politically Exposed Person.

Remuneration

- A packager Application Fee may be charged and is non-refundable
- A Completion Fee may be charged and is non-refundable and will be shared with an introducing broker if applicable.
- No Advice Fee will be charged by Brightstar for packaged or referred cases.
- A Broker or Offer Fee may be applied for second charges, commercial finance or consumer finance which is usually shared with the advising broker.
- A Procuration Fee may be paid to Brightstar by the lender, and this will be shared with the introducing or advising broker.

Our assessment of our service charges within the distribution chain are deemed to offer fair value for the service and benefits we can provide.

Market research when designing service

Due to the bespoke and exclusive nature of these products, and the additional activities required to obtain approvals, pricing may be higher than our standard packaging services or other packaging services in our market. These products offer solutions unlikely to be available elsewhere by other packagers, or if a client attempted to obtain these products directly from the lender. We may also offer dedicated lender underwriters and credit committee approvals, which can speed up SLA's. Our service may provide initial product sourcing, initial credit approval, document checking, lender case submission and tracking, lender updates, and post offer liaison with lender and solicitors.

We have assessed our competitors and sought feedback from our introducers and lenders across all lending disciplines that are captured by the Duty and are satisfied our service is fit for purpose.

Value/Benefits

Access to dedicated specialist consultants and an experienced case management Team. Access to bespoke and exclusive product ranges from a select panel of lenders.

In-depth knowledge and experience of sub-prime and specialist mortgage market. High quality - customer service (Trustpilot review rated excellent, direct access to consultants, enhanced CRM systems showing case milestones and updates). Access to webinars and CPD accredited seminars – assistance with criteria and research, access to training and events to enhance and maintain knowledge on market developments. Ensuring quality applications are submitted to lenders, and therefore avoiding issues with poorly presented or packaged applications. Access to third party professional support, e.g., surveyors, solicitors, conveyancers, independent legal advisers. Ability to assess and apply lender target market considerations to an applicant's needs and circumstances. Experts in lender criteria and bad credit implications on initial assessment and throughout the application process. Close relationships with lenders underwriters so that applications can be considered on a bespoke basis. Access to National Account Managers.

Behavioural biases present

None – we act in accordance with an advising Brokers instruction for a client's respective requirements in this area. If anomalies are identified over the suitability of these provisions, we will feed back to the broker.

Characteristics of vulnerability

We will adapt our service according to the needs of our customers. Whilst situations where vulnerability may compromise the value of the service we offer, the overriding duty of care in this area would fall to the advising Broker, and these may be:

- Lack of knowledge and experience (low level of financial sophistication).
- Clients may have defaulted in the past and/or still have evidence of credit issues.
- As the customers will have historic adverse credit, they may potentially have low financial resilience, even though they may have improved their position since the historic adverse.
- The historical adverse could also indicate lower capability.
- There is a risk the introducing adviser automatically matches the client to a sub-prime lender rather than still search whether a mainstream lender would accept the case.

The ways the firm mitigates against this risk:

- Correct of cheapest suitable mortgage rule (via sourcing systems or with bespoke providers)
- Consider underwriting criteria of all lenders.
- Credit file to be provided by the advising broker as part of their advice process before sourcing the mortgage.
- File reviews / systems and controls / KPIs
- Advice will be given to the introducing broker if we believe alternative mainstream options should also be considered
- We would seek permission to share vulnerability issues with proposed lenders if deemed appropriate

Conclusion:	Our service does provide fair value
Actions required:	None
Next review date:	31/07/2025 or earlier if external factors dictate this