



# **Pure Retirement Heritage Lifetime Mortgage**

## **Target Market and Fair Value Assessment Summary**

Date Produced: 11/04/2025

## 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.

### 1. Summary of our assessment

We have assessed that:

- Our Heritage product range meets 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. Target market summary

#### 2.1 Customer Profile

The products are designed to meet the needs of customers who have the following profile:

- Either individuals or joint borrowers
- **Age:** 55-85
- **Region:** England, Scotland and Wales
- **Property ownership:** Owner occupier with a mortgage or unencumbered.
- **Employment status:** Typically retired or approaching retirement. In some circumstances may still be in employment or self-employed.
- **Income for interest servicing:** Customers with some income, but not enough to pass a full affordability assessment and hence unable to qualify for a residential mortgage. However, they wish to reduce the cost of borrowing by utilising their income to make regular monthly payments of at least 25% of the monthly interest amount, either for a period of time, or for as long as they can afford to make the monthly payments, knowing that should they need to, they can stop making payments at any time.
- **Knowledge level:** Mixed knowledge and financial competence. Some borrowers will be financially sophisticated others may have limited knowledge. Most are likely to have had a standard residential mortgage in the past.
- **Credit history:** Up to five CCJs up to £10k and IVAs accepted, must be satisfied with proceeds.
- Any previous bankruptcy must have been discharged.
- **Vulnerability level:** High potential for customer vulnerability, with the likelihood of vulnerability increasing as the length of the loan increases.

### 2.2 Customer Need

Customers who fit the profile above will have the following needs:

Looking to borrow a cash lump sum, without the requirement to make a monthly repayment, for one or more of the following purposes:

- Repay an existing mortgage
- Make home improvements (structural or cosmetic)
- Make a lifestyle purchase (e.g. car/holiday)
- Income
- Purchase a new house
- Part of a divorce settlement
- Contingency funds
- Gifts to family/friends for reasons such as house deposit
- Repay other debts
- Cover in home care costs

In addition, the Interest Servicing option is suitable for customers seeking to release equity for the above purposes, but where they also wish to reduce the cost of borrowing by servicing some or all the monthly interest.

Interest servicing is especially suitable for customers with a maturing interest only mortgage that is due for capital repayment in later life. These customers often have a long track record of maintaining monthly interest only payments on their mortgage and interest servicing offers them an opportunity to continue making those payments in later life. These customers may have limited residential mortgage options due to:

- the requirement to pass full affordability assessments;
- limited availability of product options based on their older age, or age at the end of the mortgage term where maximum ages apply; and
- their inability to evidence a suitable capital repayment strategy (for interest only); or
- their inability to afford the higher monthly payments required for an amortising repayment (capital and interest) mortgage, especially with a shorter mortgage term, because of their older age.

### 2.3 Key Product Features

The product features and criteria are designed to support these needs. The key features/criteria of the Heritage range are:

- Customers age: 55 – 85
- No contractual monthly payments required
- Interest Servicing option available
- ERC-free repayments permitted up to 10% of advances per year. Maximum 6 payments with a minimum value of £500. Repayments can be made via standing order or debit card. ERC-free repayments are not available whilst Interest Servicing, but are available when the monthly payments are stopped.
- Fixed rate of interest
- Discounted interest rates available for Interest Servicing.
- Loan sizes available between £10,000 and £800,000

- Property value with a minimum of £70,000 and no maximum limit
- Available maximum LTVs ranging between 0% and 55.9% depending on age (on sale LTVs may be less than the maximum at any time)
- No arrangement fee
- Cashback may be available on selected products
- Fixed ERCs starting at 10% reducing 1% per annum until year 10. 1% ERC from years 10-15. 0% thereafter
- Drawdown facility – up to maximum LTV of product set
- Portable to a new home – ERCs may apply
- Joint life 3 year ERC exemption upon death / long term care
- No negative equity guarantee
- Full eligibility criteria can be accessed on our intermediary website

### **2.4 Ineligible Customers**

The product is not designed for anyone who do not meet the profile outlined above or customers looking to borrow for the following purposes:

- To invest
- To replenish savings
- For gambling purposes
- To purchase crypto currency

It would also not be suitable for customers:

- That have not considered other methods of borrowing
- Who could meet affordability and criteria for a standard or RIO residential mortgage as these are likely to be of a lower cost
- Under aged 55
- Who do not meet Pure's lending criteria

### 3. Distribution strategy

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

Distribution strategy	Appropriateness for target audience
<p>Customers must receive advice from a qualified intermediary in for all new applications.</p> <p>The products are available whole of market e.g., via</p> <ul style="list-style-type: none"> <li>• Networks and their Appointed Representatives</li> <li>• Mortgage clubs</li> <li>• Directly authorised mortgage intermediaries</li> <li>• All intermediaries must be registered with Pure Retirement</li> </ul> <p>All advisers must have appropriate equity release qualifications and FCA permissions.</p> <p>Advice firms should undertake their own fair value assessment.</p>	<p>Most customers only access one equity release mortgage in their lifetime and given that there will be customers with a mix of financial competence, a fully advised sale is appropriate.</p> <p>Given the high probability of vulnerability in the target market, direct to Pure sales would not be appropriate. The requirement of a qualified broker provides a layer of protection as advisers will be able to consider/sign post customers to alternatives.</p>

### 4. Customers with characteristics of vulnerability

The Product is designed for customers aged over 55, and is designed to be a product that customers have until death or entry into long term care, therefore there is a high likelihood that customers will experience vulnerability over time.

Pure Retirement has a comprehensive vulnerability policy and customer facing colleagues are trained to spot and handle vulnerabilities. Pure considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

Pure will use management information to monitor customer behaviour through the lifecycle of the loan to identify any early signs of vulnerability or where the products are not working as well as expected.

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Advisers should be aware of common vulnerabilities such as communication barriers, health issues, financial pressure and family pressures among others and take appropriate action to ensure the customers vulnerability is addressed. Pure expects all intermediaries to have robust vulnerability policies in place to ensure good outcomes.

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

Both the customers and their solicitor will be required to sign a certificate confirming that the rights and obligations of the product have been explained to them and that they wish to enter the plan.

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 Product and Distribution Committee, 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

- Access to a cash lump sum
- No contractual monthly payments required
- Interest Servicing option available
- Free initial property valuation
- Clear and compliant literature
- Fixed ERCs and fixed interest rate
- Discounted interest rates available for Interest Servicing
- Product flexibility at key life events (porting/ERC waive on first death)
- Online application - allows for quick submission of case and fewer submission errors
- Online Portal - provides case updates to brokers
- Quick application to completion times
- Tenure for Life
- No Negative Equity Guarantee
- Compliance with the Equity Release Council Product Standards
- Clear and transparent communication with borrower at all life stages
- Fast resolution on death or entry into long term care
- FCA Regulated Lender
- Advice from a qualified intermediary



## Price

Interest rates, fees and charges that the customers pay Pure for the product.

Comparable market rates

Price of alternative financial products

Broker remuneration – advice fees and procurement fees

Administration fees that may be charged throughout the lifetime of the loan

The full tariff of charges can be found here:

[www.pureretirement.co.uk/img/products/documents/heritage/Pure%20Heritage%20Tariff%20of%20Charges.pdf](http://www.pureretirement.co.uk/img/products/documents/heritage/Pure%20Heritage%20Tariff%20of%20Charges.pdf)

## Costs

Valuation fees

Lender legal expenses

Operational costs

Training and competency

Broker premium

Capital costs

Dilapidation/negative equity risk

Non-financial costs associated with operating the product.

## Limitations

Pure does not have access to an exhaustive fee structure for all intermediary firms. Pure will monitor broker remuneration but firms should ensure they have assessed their own fair value.

## Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.



Providing solutions for your future

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