



Commercial Mortgages

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product

Atom considers Commercial Mortgages exempt and outside of the scope of the Consumer Duty. However, we recognise that some intermediaries may have responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Accordingly, this information sheet is designed to support you with this compliance.

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 Commercial Mortgage range ("the Product"):

- Provides Fair Value for customers based on the price being reasonable compared to the benefits offered by the product;
- Does not contain complex or unsuitable features which could lead to foreseeable harm or frustrate the customer's use of the product or service;
- Is sold transparently;
- Provides consumers with clear information with which informed decisions can be made.

2. Product characteristics & benefits

The Product is designed to meet the needs of the target group, primarily the need to secure a first charge Commercial Mortgage to purchase or remortgage in the United Kingdom. The below product features are designed to support these needs.

Atom offers both a range of variable rate Commercial Mortgages, which are made up of a margin and an indexed rate which tracks the Bank of England base rate; and a range of fixed rate.

Both are available in a Capital & Interest or Interest Only variant. All lending is either secured against an owner-occupied commercial property (trading) or commercial investment property.

(i) Simple Fee Structure

- Minimising usage of fees.
- All third party fees passed on at cost.

(ii) Interest Only Available

- Interest Only variants available throughout the product range.

(iii) Loan to Values

- A range of Loan to Value (LTV) bands are offered ranging from 40%-75% for standard borrowers, with up to a 100% LTV based upon goodwill offered associated with low-risk operators of healthcare trading businesses, including pharmacists, doctors and dentists.

(iv) Flexibility

- Fixed Rate products offer up to 10% overpayments per year without incurring an Early Redemption Charge (ERC);
- Variable rate products feature no breakage fee.

Full eligibility criteria can be accessed on our intermediary website via [this link](#).

3. Target market assessment and distribution strategy

Atom's Product offering caters for two distinct target markets within the secured business lending market:

Commercial Real Estate Investors:

- Commercial Investment Mortgages used to purchase or refinance commercial and residential property which is let to tenants.
- This is an ideal product for business entities that wish to invest in commercial property, with an aim to let to a third party such as offices, retail, industrial or healthcare spaces.
- This is an offering designed for borrowers with strong and established credit performance.

Trading / Owner Occupied:

- Trading / Owner Occupied Commercial Mortgages where a borrower is looking to purchase or refinance a property from which to trade.
- Designed to target SMEs that have separate trading business premises, with acceptable property types including but not limited to retail and leisure properties, industrial units, care homes and office buildings.
- For borrowers with strong and established credit performance.

Within these target markets, Atom supports first time buyers and operators and re-mortgage customers with specialist criteria for the provision of human health services including Care Homes, Dentists and Pharmacists.

4. Customers with characteristics of vulnerability

The Product is designed for the Commercial Mortgage segment, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Some small business customers are less likely to have a comprehensive understanding of commercial mortgages or the commercial mortgage market than others. Therefore, they may require additional advice and support to ensure they understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring.

We 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.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers.
- Suitable customer service provision and communications.
- Flexible policies, where appropriate, to support vulnerable customers.
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

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 commercial mortgage product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented for internal approval, 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: The range of features that the Product provides, the quality of the Product, the level of customer service that is provided and any other features that the Product may offer.

Price: The interest rates and fees customers pay for the Product, comparable market rates, procurement fees paid to intermediaries and non-financial costs associated with operating the Product.

Costs: The cost of funding the Product and any other reductions in costs to the customer made possible by economies of scale.

Limitations: Any limitations on the scope and service we provide or the features of the Product.

Results of our assessment

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