

The fair treatment of existing interest-only mortgage customers

Technical Report

January 2018

260143035

Contents

This report provides additional technical detail about the qualitative research study and is intended to be read as a supplement to the narrative report rather than a standalone report. It provides further information on recruitment and fieldwork methods, including primary documents used during these phases of the research.

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1. Sample, Recruitment, and Challenges

This section of the technical report provides further detail on sampling and recruitment, and discusses challenges encountered during recruitment and actions taken in response to these challenges. It also includes more detailed sample tables for secondary recruitment variables and other variables that were being monitored during recruitment.

Sample

We recruited 45 customers from the 3,000 customers taken from the management information¹ files of ten lenders. This conversion rate is low for a project of this size, although less surprising given the type of participants we sought to engage. More details are available in the section on recruitment below.

We agreed a range of variables to be represented in the sample. The rationale for the variable selection was to include the widest possible range of views and experiences, whilst also achieving a sample that is sufficiently robust to provide insight on specific sub-groups. We expected remaining mortgage term and loan to value ratio to be key factors in the engagement of customers with their lenders so these variables were prioritised for the qualitative recruitment, with minimum targets set. An additional 8 variables were included, with more flexible targets, which we monitored and reviewed as recruitment progressed. These are summarised in Table 1. This approach to the sample composition helped to avoid setting overly prescriptive quotas, which increases the likelihood of missing wider factors underpinning experiences that had not been foreseen.

Table 1 Achieved sample

Type	Description	Target	Achieved	
Sec Primary variables	Remaining mortgage term	< 12 months	15	13
		1-5 years	15	14
		6-10 years	10	10
		11-15 years	10	8
	Loan to Value ratio	Over 90%	15	11
		75-90%	15	14
		25-74%	10	10
		Under 25%	10	10
Repayment strategy in place	None	10 min	16	

¹ There was a further challenge that many of the cases included in the sample had in fact had contact with their lender and thus were incorrectly included in the lender sample. This suggests that lenders' management information systems are not up to date or are not being joined up across the business and thus do not reflect other points of contact (e.g. in branch or via general helpline) customers may have had with their lender.

	Outline strategy in place	10 min	16
	Solid repayment strategy	10 min	13
Employment status	Employed – FT / PT	5 min	26
	Self-employed	5 min	8
	Retired	5 min	9
	Unemployed / other	5 min	2
SEG	ABC1	15 min	33
	C2DE	15 min	12
Ethnicity	BAME participants	8 min	3
	Non-BAME participants	42 max	42
Gender	Male	15 min	28
	Female	15 min	17
Age	18-24	4 min	0
	25-34	4 min	0
	35-44	4 min	3
	45-54	4 min	8
	55-64	4 min	20
	65-74	4 min	14
	75+	4 min	0
Country	England	9 min	34
	Scotland	9 min	4
	Wales	9 min	3
	Northern Ireland	5 min	4

The FCA were also interested in the remaining balance of the mortgage, and the regional mix of participants. See Table 2.

Table 2 Additional criteria of interest

Type	Description	Target	Recruited to date	
Monitoring	Remaining balance	MONITOR	Less than £10,000	0
			£10,000 - £50,000	9
			£50,001-£100,000	11
			£100,001-£250,000	21
			More than £250,000	4
Region	Scotland	MONITOR	4	

Wales	3
Northern Ireland	4
North East England	3
North West England	1
Yorkshire and the Humber	3
East Midlands	1
West Midlands	3
East of England	7
London	7
South East England	6
South West England	3

Recruitment

An opt out exercise was undertaken, using the management information provided by lenders. Opt-out means that a select number of customers received a letter about the research, and unless they get in touch then a recruiter may contact them to invite them to take part in the research. See page 7 for a copy of the opt-out letter. In total, 3,000 letters were issued, 2,385 attempts at contact were made and 144 opted out. See Table 3 for a summary of contact responses.

Table 3 Summary of recruitment call outcomes

Outcome codes	Total called	% of sample
Contacts made	2385	
Recruited	45	2%
Voicemails/no reply/engaged	1419	59%
Callback requested	62	3%
Refusal/opt out	475	20%
Wrong number	237	10%
Have contacted mortgage lender since 2015	105	4%
Out of scope OTHER REASON (no mortgage, changed lender etc)	42	2%

Recruitment was managed by our in-house qualitative recruitment team. Following the opt out exercise, participants were called and our recruiters conducted a brief screening exercise (see the recruitment screener on page 8) to confirm eligibility and ensure participants were recruited according to sample quotas. Eligible participants were then invited to take part in an in-depth interview, arranged for a mutually agreeable time. Confirmation emails were sent to recruited participants, and reminder calls or texts were sent shortly before the scheduled interview. At multiple points during recruitment and fieldwork participants were told that the study is voluntary, their responses are confidential, and that the research team is independent of the FCA and mortgage lenders.

Key research challenges, and approach changes

We anticipated a number of challenges with engaging this population at the proposal stage, and our design included plans and contingencies for addressing those challenges. The key challenges were engaging customers who have not previously engaged with lenders, getting participants to recall past behaviour, identifying the full range of influences on consumer behaviour, and achieving a varied sample within a constrained timetable. We experienced an additional three challenges which prompted changes to the research.

1. **Management information quality** - Following the first opt-out mailing, and the pilot interviews, it became much more apparent the customer information provided by lenders was of poorer quality than anticipated. The sample included a high volume of incorrect, missing or out of date details – e.g. phone number is for a previous place of work, no addresses. The addresses of customers limited our ability to cluster customer homes, necessary for efficient fieldwork, and a high proportion of customers were located in London/South East. Most crucially, the sample included a high number of individual who had actually had contact with their lender.
2. **Breadth of sample criteria** - The breadth of criteria we were aiming to achieve alongside the challenge of sample quality prompted changes to quotas across the project
3. **Achieving recruitment target of 50 interviews** - Due to the above, it became more challenging to achieve the target 50 interviews. We exhausted the sample of 3,000, and the time constraints on analysis and outputs factored into the decision to stop fieldwork at 45 completed interviews.

In discussion with the FCA project team we made a number of changes to our recruitment approach across the project:

1. **Follow-up emails** – Invitation emails were sent after the opt-out letters were posted to those customers we had an email address for. The rationale for an email is to reach those individuals who may not have received the opt-out letter, and those who are more likely to see/engage with an email over a letter.
2. **Additional opt-out mailings** – Two additional opt-out mailings were sent after the initial mailing of 1,000. This was decided once the preceding batch was exhausted by recruiters, and an additional sample was deemed necessary to achieve the interviews required.
3. **Additional recruitment and fieldwork resource** – Given the time constraints on the project and the necessity to contact possible participants more quickly, additional staff were brought onto the project to churn through sample files, and undertake interviews at less notice more quickly. We attempted to contact 2,385 of the 3000 customers that were issued an opt-out letter. The uncontacted sample was a mix of sample in areas where there was not sufficient sample to ensure efficient use of researcher time, areas out of scope due to researcher availability, or the sample profile was for quotas already achieved.
4. **Use of telephone interviews** – The flexible use of up to 15 telephone interviews was agreed following the challenges summarised above. Telephone interviews allowed greater flexibility to fit around participants' schedules, and provided a cost-effective approach to engage more far flung or hard to reach participants, particularly within a relatively tight timescale where drop outs were frequent and the sample was limited.

It is useful to be aware of these challenges and our amends to the research approach, to contextualise the research findings. We are confident that the widest possible range of views and experiences have been captured by the research, whilst also achieving a sample that is sufficiently robust to provide insight on specific groups and sub groups.

2. Opt Out Letter

The opt out letter was posted to customers sampled from lenders' management information. The letter was sent before the start of recruitment activity and it explained the research and instructed customers to get in touch with Kantar Public if they did not wish to be contacted for the research. The letter also provided points of contact at the FCA and Kantar Public should customers have questions about the study.

Dear <CONTACT NAME>

An invitation to take part in research for the Financial Conduct Authority.

We would like to ask for your help with an important piece of research to benefit people like you who have a mortgage.

The Financial Conduct Authority (FCA) is the independent body that oversees the UK Financial Sector, offering protection to customers. The FCA wants to understand more about people's experiences with their mortgage and you have been selected from details held by a selection of UK mortgage lenders. As the regulator for financial services, the FCA is able to request customer details from mortgage lenders in order to carry out its regulatory responsibility which includes the protection of customers like you.

This research is being carried out for the FCA by the independent research company Kantar Public. While your participation is completely **voluntary, anonymous and confidential, we hope that you, like others, will help us.** We promise that at no point will you be personally identified. Nothing you say will be shared with your lender or the FCA in a way that will identify you. The research would involve a discussion between you and an independent researcher.

If you're willing to be contacted by Kantar Public then you do not need to do anything.

Kantar Public may contact you by phone in a few weeks to request an interview, at a time and place that suits you. They want to talk about your experiences and opinions, to ultimately help us protect the interests of customers. The researcher will take no more than an hour of your time.

What if I don't want to take part?

If you don't want Kantar Public to contact you, **email mortgages@kantarpublic.com** stating 'opt out' as your subject and provide your name and reference number shown at the top of this letter in the body of your email, **before 5pm on Tuesday 26th September 2017.** Once Kantar Public receive your email they will not contact you further about this research. Alternatively, you can phone Gurprit Dhillon at Kantar Public on 020 7656 5228.

Questions

If you have any queries for the FCA about the research or wish to verify that this letter is genuine, please contact Errol Walker (project manager) at FCA on **email errol.walker@fca.org.uk**. Alternatively if you have any questions about what the research will involve, please contact Gurprit Dhillon (project manager) at Kantar Public, on **email gurprit.dhillon@kantarpublic.com** or **telephone 020 7656 5228.**

We would be grateful if you could take part in this important research. Whatever you decide, any dealings you have with your lender in the future will not be affected by your decision.

Yours sincerely,



Lucy Castledine, Financial Conduct Authority Public



Alice Coulter, Kantar Public

3. Recruitment Screener

The recruitment screener is the document used by recruiters during recruitment phone calls to ensure anyone who does not fit agreed recruitment criteria is screened out of the research. The recruitment screener also enabled recruiters to collect demographic information and data related to recruitment criteria from research participants.

B001 - B001: KANTAR PUBLIC QUAL - SCREENER	Begin block
B002 - B002: RESPONDENTDETAILS	Begin block
Q001 - RESPONDENTSDETAILS:	Open

FULL NAME

ADDRESS:

POSTCODE:

PRIMARY PHONE NUMBER

EMAIL ADDRESS:

PLEASE WRITE CLEARLY

Q002 - Recruitmentmethod:

Single coded

Normal

- 1 Client sample
- 2 Recruiter's own database
- 3 Telephone
- 4 On the street
- 5 Face to face
- 6 Delivered invite
- 7 Other: (please record) _____

Q003 - Recruitersdeclaration:

Open

The person named above has been recruited by me in accordance with the instructions and within the Market Research Society Code of Conduct.

SIGNED

NAME

DATE

BACKCHECKED: YES / NO

B002 - B002: RESPONDENTDETAILS

End block

Q004 - QUOTAS:

Open

- RECRUIT 50 INDIVIDUALS SPREAD ACROSS THE UK
- 1 HOUR DISCUSSIONS
- FTF DEPTHS (CAN HAVE 5 TEL DEPTHS FOR MOP UP ONLY)

Type	Description	Target
Primary variables	Less than 12 months	15
	1-5 years	15
	6-10 years	10
	11-15 years	10

Loan to Value ratio	Over 90%	15
	75-90%	15
	25-74%	10
	Under 25%	10

Type	Description	Target	
Secondary variables	None	10 min	
	Repayment strategy in place	Outline strategy in place	10 min
		Solid repayment strategy	10 min
	Employment status	Employed – FT / PT	5 min
		Self-employed	5 min
		Retired	5 min
		Unemployed / other	5 min
	SEG	ABC1	15 min
		C2DE	15 min
	Ethnicity	BAME participants	8 min
		Non-BAME participants/Refused	42 max
	Gender	Male	MIN 15 OF EACH
		Female	
	Age	18-34*	MIN 4 OF EACH
35-44			
45-54			
55-64			
65-74			
75+			
Region	England	MIN 9 OF	

	Scotland	EACH
	Wales	
	Northern Ireland	5 min

Type	Description	Target
Monitoring	Less than £10,000	MONITOR
	£10,000 - £50,000	
	£50,001-£100,000	
	£100,001-£250,000	
	More than £250,000	
Region	Scotland	MONITOR
	Wales	
	Northern Ireland	
	North East England	
	North West England	
	Yorkshire and the Humber	
	East Midlands	
	West Midlands	
	East of England	
	London	
	South East England	
	South West England	

Q005 - MORTGAGE_TERM:

Single coded

Not back

RECORD REMAINING MORTGAGE TERM FROM SAMPLE FILE

IF CODE 1 or 6 = DO NOT RECRUIT
IF CODES 2-5 = RECRUIT TO QUOTA

Normal

- 1 **0** - Mortgage already matured
- 2 **Less than 12 months** - Maturing by August 22nd 2018
- 3 **1-5 years** - Maturing between August 22nd 2018 and August 21st 2022
- 4 **6-1- years** - Maturing between August 22nd 2022 and August 21st 2027
- 5 **11-15 years** - Maturing between August 22nd 2027 and August 21st 2032
- 6 **More than 15 years** - Maturing after August 21st 2032

Q006 - MORTGAGE_LTV:

Single coded

Not back

RECORD LOAN-TO-VALUE FROM SAMPLE FILE

RECRUIT TO QUOTA

Normal

- 1 Over 90%
- 2 75-90%
- 3 25-74%
- 4 Under 25%

Q007 - MORTGAGE_BALANCE:

Single coded

Not back

RECORD REMAINING BALANCE FROM SAMPLE FILE

IF CODE 1 = DO NOT RECRUIT
IF CODES 2-5 = RECORD

Normal

- 1 Less than £10,000
- 2 £10,000 - £50,000
- 3 £50,001-£100,000
- 4 £100,001-£250,000
- 5 More than £250,000

Q008 - LENDER:

Single coded

Not back

RECORD LENDER FROM SAMPLE FILE

RECORD

Normal

Q009 - REGION:

Single coded

Not back

RECORD REGION OF RESIDENTIAL ADDRESS (IE MORTGAGED PROPERTY)

RECRUIT TO QUOTA

Normal

- 1 Scotland
- 2 Wales
- 3 Northern Ireland
- 4 North East England
- 5 North West England
- 6 Yorkshire and the Humber
- 7 East Midlands
- 8 West Midlands
- 9 East of England
- 10 London
- 11 South East England
- 12 South West England

Q010 - INTRODUCTION:**Text**

"Good morning / afternoon, my name is X and I am calling from Kantar Public, an independent research organisation.

We are carrying out research on behalf of the Financial Conduct Authority (FCA) about people's experiences with their mortgage - you should have received a letter from the FCA in the last couple of weeks about the research.

IF NECESSARY: The FCA is the independent body or watchdog that oversees banks and building societies in the UK, offering protection to customers. To allow it to protect customers, the FCA can get customer information so that it can carry out its regulatory duties. Your details have come from your mortgage lender.

We would like to arrange an appointment at a time convenient to you for you to speak in-person to one of our experienced researchers about your experiences and opinions on your mortgage, to ultimately help the FCA protect the interests of customers.

RECRUITER: FOR MOP UP PURPOSES ONLY WE CAN INCLUDE A MAXIMUM OF 5 TELEPHONE DEPTH INTERVIEWS

The discussion will last about an hour and you will receive a £40 cash debit card as a thank you for your time.

- The research is completely voluntary, anonymous and confidential
- Kantar Public is completely independent
- Kantar Public will not be giving the FCA or your mortgage lender any details specifically about you.

Would you be interested in being a part of this research?

1. Yes
2. No

Q017 - LENDER_CONTACT_CHECK:**Multi coded****Not back**

Just to check, have you been in touch with your lender for any of the following reasons **since January 2015**? That is, have **you contacted them** about your mortgage for any of the following reasons (as opposed to them writing/contacting you to which you haven't responded)

READ OUT. CODE ALL THAT APPLY

IF CODE 2-9 = DO NOT RECRUIT

RECRUITER, PARTICIPANT MUST NOT HAVE MADE ANY CONTACT WITH THEIR LENDER SINCE JANUARY 2015 WHATSOEVER TO BE ELIGIBLE FOR INTERVIEW

Normal

- 1 I have **not contacted my lender at all** since January 2015, that is I have not initiated or responded to any attempts at contact with my lender
- 2 Have had contact with lender to discuss or confirm repayment plan for my outstanding balance
- 3 Have had contact with lender to discuss switching the type of my mortgage
- 4 Have had contact with lender to discuss a change in circumstance (eg marital status)
- 5 Have had contact with lender to discuss remortgaging
- 6 Have had contact with lender to discuss transferring mortgage to another property
- 7 Have had contact with lender to discuss alternative payment options
- 8 Have had contact with lender to discuss interest rates (i.e. switching to a new fixed or variable rate)
- 9 Have had contact with lender to discuss something else

(SPECIFY

.....)

B003 - B003: ELIGIBILITY

Begin block

Q011 - EXCLUSIONS:

Multi coded

Are you or any of your immediate family working for or involved in any of the following?

DO NOT RECRUIT IF ANY OF THESE ARE MENTIONED

Normal

- 1 Market research
- 2 Journalism
- 3 Public relations
- 4 Lobby or campaign group
- 5 Local, regional or national politics
- 6 Banking or other financial sector

Q012 - E2:

Single coded

Have you ever taken part in a questionnaire, survey, interview or discussion group before?

IF CODE 1 = GO TO NEXT BLOCK
IF CODE 2 = GO TO E3

Normal

- 1 No
- 2 Yes

Q013 - E3:

Single coded

How many focus groups or research interviews have you attended in the last 6 months?

IF CODE 1 = GO TO NEXT BLOCK
IF CODE 2 = DO NOT RECRUIT

Normal

- 1 0
- 2 1 or more

B003 - B003: ELIGIBILITY

End block

B004 - B004: PROJECT SPECIFIC

Begin block

Q014 - VERIFY_CONTACT:

Single coded

Not back

In the research we will talk about when you first set up your mortgage and how you've found managing it over the years. Are you the best person to speak to about this?

IF CODE 1 = CONTINUE TO RECRUIT
IF CODE 2 = ASK FOR APPROPRIATE INDIVIDUAL, REINTRODUCE RESEARCH AND RESTART SCREENING

Normal

- 1 Yes
- 2 No

Q015 - VERIFY_ADDRESS:**Single coded****Not back**

As described in the letter you would have received, as the regulator for financial services, the FCA is able to request customer details from mortgage lenders in order to carry out its regulatory responsibility. Can I just check if the address [READ ADDRESS FROM SAMPLE] is your current main residence? That is, this is the address where you primarily live.

IF YES: Regardless of any other mortgages you may have, the following questions I am going to ask are all related to your mortgage on your main residence [IF NEEDED: This is the house you mainly live in.] - this is the mortgage we would like to talk to you about.

IF CODE 2 = DO NOT RECRUIT

Normal

- 1 Yes - main residence
- 2 No - not main residence

Q016 - MORTGAGE_TYPE:**Multi coded****Not back | Min = 1**

Our records show that you have an interest only mortgage on your main residence. Which of the following descriptions apply to the type of interest only mortgage you have?

READ OUT. CODE ALL THAT APPLY.

IF CODE 1, 2, 6 or 7 MENTIONED = DO NOT RECRUIT. OTHERWISE, CONTINUE TO SCREEN.

Normal

- 1 Buy-to-let interest only mortgage
- 2 Part interest only, part repayment mortgage - Interest only part is LESS THAN 50% the outstanding mortgage
- 3 Part interest only, part repayment mortgage - Interest only part is 50% OR MORE of the outstanding mortgage
- 4 Fixed rate interest only mortgage
- 5 Variable rate interest only mortgage
- 6 Off-set mortgage
- 7 DO NOT HAVE INTEREST ONLY MORTGAGE

Not back

What are your plans (if any) for repaying your mortgage once it matures?

DO NOT READ OUT RESPONSE CODES. RECORD OPEN RESPONSE.

RECORD OPEN RESPONSE

.....

.....

.....

CODE APPROPRIATE ANSWER CODE BASED ON THE FOLLOWING GUIDANCE

- **'NO REPAYMENT STRATEGY'**: record if respondent doesn't have any kind of plan, doesn't know what they will do once the policy matures etc
- **'OUTLINE REPAYMENT STRATEGY'**: record if respondent has a vague idea or mention a number of *possible* options that they may explore to pay off their mortgage
- **'SOLID REPAYMENT STRATEGY'**: record if respondent has definite confirmed plans

RECRUITER NOTE: record STRATEGY category based on respondent having a definite plan rather than the *viability* of their plan(s)

RECRUIT TO QUOTA

Normal

- 1 NO REPAYMENT STRATEGY IN PLACE
- 2 OUTLINE REPAYMENT STRATEGY IN PLACE
- 3 SOLID REPAYMENT STRATEGY IN PLACE

Q019 - GENDER:

Single coded

RECORD GENDER

IF NECESSARY: Which of the following descriptions applies to you?

RECRUIT TO QUOTA

Normal

- 1 Male
- 2 Female
- 3 Other - Specify.....
- 4 Prefer not to answer

Q020 - AGE:

Single coded

What age were you on your last birthday?

IF CODE 1 = DO NOT RECRUIT
IF CODE 2-7 = RECRUIT TO QUOTA

Normal

- 1 Under 18
- 2 18-24
- 3 25-34
- 4 35-44
- 5 45-54
- 6 55-64
- 7 65+

Q021 - ETHNICITY:

Single coded

How would you describe your ethnicity?

IF CODES 4-16 = RECRUIT TO QUOTA

Normal

- 1 White - British
- 2 White - Irish
- 3 Any other white background
- 4 Mixed - White & Black Caribbean
- 5 Mixed - White & Black African
- 6 Mixed - White & Asian
- 7 Any other mixed background
- 8 Chinese or other Ethnic group - Chinese
- 9 Chinese or other Ethnic group - Any other
- 10 Black or Black British - Caribbean
- 11 Black or Black British - African
- 12 Any other Black background
- 13 Asian or Asian British - Indian
- 14 Asian or Asian British - Pakistani
- 15 Asian or Asian British - Bangladeshi
- 16 Any other Asian background
- 17 Refused

Q022 - SEG:

Single coded

What is/was the occupation of the chief income earner in your household?

PROBE FULLY, WRITE IN AND CODE BELOW:
.....
RECRUIT TO QUOTA

Normal

- 1 ABC1
- 2 C2DE

Q023 - WORKSTATUS:

Single coded

Which of these best describes your current work status?

RECRUIT TO QUOTA

Normal

- 1 Employed - full time
- 2 Employed - part time
- 3 Self-employed
- 4 Unemployed
- 5 Retired
- 6 Other SPECIFY

B005 - B005: DEMOGRAPHICS

End block

Q024 - ACCOMPANIMENT_CHECK:

Single coded

Not back

Finally, our research interviewer may be accompanied by a representative from the FCA. They will only be there to observe the discussion to see how we conduct our in-person research interviews.

Would you be happy to have a member of the FCA team to sit-in on your discussion? Whether you agree or not will have no bearing on your participation - you can still opt to only speak to one of our independent researchers.

RECORD

IF RECRUITING FOR 'PILOT' INTERVIEWS, MUST ANSWER 'YES'

Normal

- 1 Yes - happy for FCA accompaniment
- 2 No - would prefer to just speak to KP researcher alone

RECORD REASON FOR SAYING NO (IF GIVEN):

.....

Q025 - MODE:

Single coded

Not back

RECRUITER, CONFIRM MODE.

NOTE: TELEPHONE DEPTHS SHOULD ONLY BE FOR MOP UPS AND **NOT** AT RESPONDENT'S REQUEST, UNLESS DUE TO CONFIDENTIALITY/ACCESSIBILITY CONCERNS

IF CODE 2 = RECRUIT MAXIMUM 5

Normal

- 1 Face to face
- 2 Telephone

Q026 - T2:

Text

We would like to invite you to speak to one of our researcher's about your views and experience with your mortgage. Our researcher (IF APPLICABLE: and possibly an FCA representative) will come to see you in person at your address, or another location convenient to you.

The discussion will last no more than an hour and as a thank you for your time, you will receive a £40 cash debit card.

RECRUITER, CONFIRM ADDRESS FOR LOCATION OF DEPTH INTERVIEW AND RECORD AT Q001

RECRUITER TO READ OUT: To confirm, the research is completely voluntary (you can stop participating at any time and participation will not affect your relationship with your lender or the FCA. The research is anonymous and confidential and we will not share your name or details with the FCA/your lender. KANTAR PUBLIC is completely independent from the FCA and your mortgage lender.

With your permission, we will be audio recording the discussions. These will be shared only with the KANTAR PUBLIC research team for research purposes.

IF APPLICABLE: If an FCA representative does sit in on your discussion with the researcher, they will also treat all parts of the discussion as confidential and will not be sharing your personal details with anyone outside of the research team.

You do not need to have any prior knowledge to take part in this discussion. We will not be testing people's knowledge, but simply asking for people's views and opinions.

Are you still happy to participate in this research?

If no, please record

reason.....
.....

B006 - B006: GROUP DETAILS

End block

B001 - B001: KANTAR PUBLIC QUAL - SCREENER

End block

4. Topic Guide

The topic guide is the document used by researchers during depth interviews to facilitate and structure the conversation with research participants. It also ensures members of the research team cover the same broad topic areas across all interviews conducted during the fieldwork period.

Financial Conduct Authority – Interest-only mortgages Topic Guide V3

Research questions

Insight generated from this qualitative research will be used to help FCA assess lenders' engagement strategies and (if required) to develop communication strategies to improve engagement with consumers. The objectives of this qualitative research are to explore the following:

- **Reasons for lack of engagement:** Why are these consumers not engaging with their lenders? What are the key factors driving this lack of engagement (including both rational and subconscious influences)? How does this relate to their repayment plans (if at all)?
- **Explanatory typologies:** How do these consumers vary across the population? What different types of consumers can be identified according to what is driving their lack of engagement (for example, inertia, fear, denial, lack of perceived need / understanding)?
- **Need for further engagement:** To what extent would consumers benefit from engaging with lenders? Do some consumers need prompts or support to consider their options? Do some simply not need to engage? How does this vary according to different consumer types (the explanatory typology outlined above)?
- **Strategies for further engagement (where required):** Where a need for further engagement is identified, how could this best be delivered? What language, messages, content, tone, channels (etc) are best suited to promote engagement?

Key principles for researchers to follow throughout fieldwork

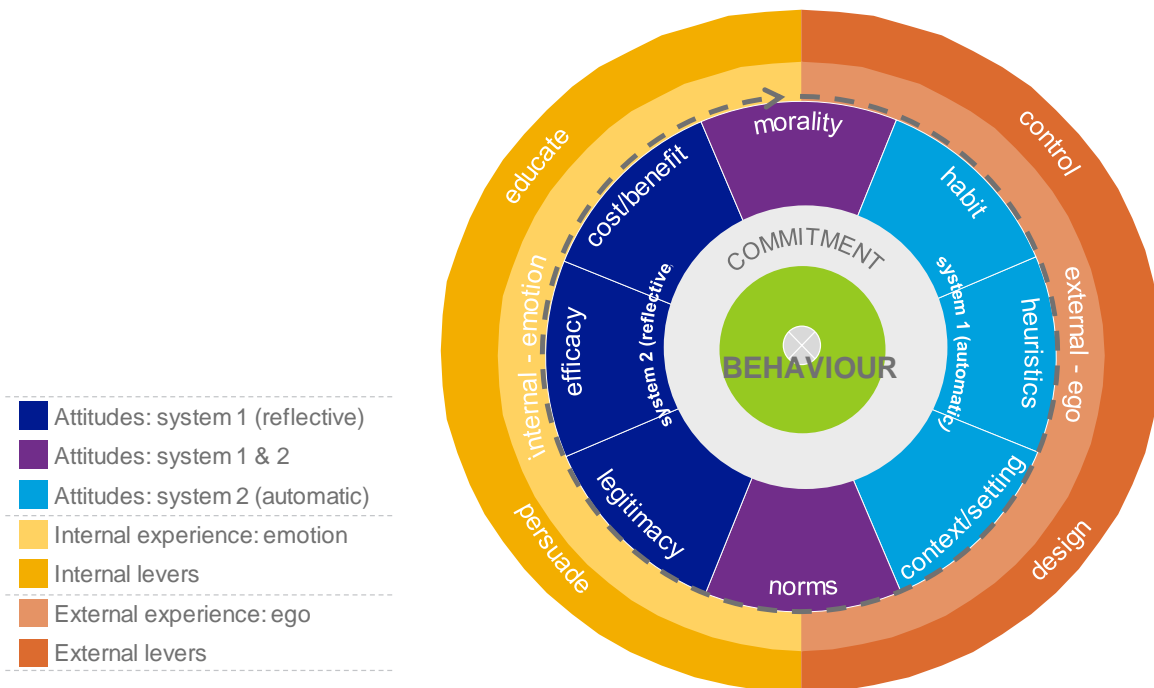
This guide is intended to be used with a variety of individuals with varying characteristics and backgrounds. As such, it does not contain pre-set questions, but rather lists the key themes and sub-themes to be explored with participants in each interview. Words or short phrases are instead used to indicate the study issues, and allows the researcher to determine the formulation of questions and how to follow up. This encourages the researcher to be responsive to the situation and most crucially to the terms, concepts, language and behaviours used by the participants.

It does not include follow-up questions like 'why', 'when', 'how', etc. as participants' contributions will be fully explored in response to what they tell us throughout in order to understand how and why views and experiences have arisen. The order in which issues are addressed and the amount of time spent on different themes will vary between interviews but the key areas for discussion are the same.

Questioning and probing will be framed to ensure we understand participants' situations as they view them. Researchers will adapt the approach, as much as possible, to suit the needs of each participant. The prompts provided are not exhaustive, but rather indicate the types of content we would expect to be covered – this may vary across participant groups.

There may also be elements of observation of interaction within the interview – researchers will make notes of observations straight after the interview, capturing any key themes related to the research aims and objectives.

Researchers will keep the Kantar Public Behavioural Model in mind when exploring views and experiences. This helps to ensure responses sought from participants go beyond top of mind or immediate reactions to the discussion. The guide does not specifically prompt for the different attitudes captured by the model; rather, it is organised and the themes presented in an open way to encourage the emergence of a wide range of attitudes. Subsequent analysis will view the responses through the lens of the model, to understand which attitudes emerged and the reasons for this.



Introduction (2 minutes)

- **Thanks & Introduction:** Introduce yourself and Kantar Public – independent research agency
 - **About the client:** research on behalf of the Financial Conduct Authority, the regulator for financial services firm conduct in the UK
 - **Reason for participation:** Explain that they have been selected to participate in this research because they might be able to help us understand more about people’s experiences of an interest-only mortgage

If queried: You have been selected from records held by a selection of UK lenders and securely shared with the FCA. The FCA requested customer details from mortgage lenders in order to carry out its regulatory responsibility which includes the protection of consumers like you.
 - **How their info will be used:** Their views and experiences will be looked together with views of others taking part in interviews. These views will be analysed by theme then a report written based on those themes. There will be no way of knowing what an individual said, and no one will be identified in the report.
 - **Ethical considerations:** Anonymity, confidentiality, voluntary participation
 - **Duration:** 60 minutes
 - **Reassurances:** No right or wrong answers - we are simply asking for people’s views and opinions; comfort – let me know if you’d like a break at any time
 - **Reminder about audio recording:** the discussion will be recorded so that we can accurately capture their views, and so researchers can listen back when analysing the data. The recorder is encrypted and only the research team will have access to the recordings
 - **Incentive:** £40 as a thank you for taking part, in the form of a debit card to be given following the discussion
 - Any questions/concerns?
 - **Start recording:** acknowledge consent for being recorded

Background and context (10 minutes)

Section aim: To warm up the participant to the tone/style of the discussion, and to capture spontaneous views about lender communications to explore unframed responses and provide context to journey mapping.

- How they **spend their time**
 - Job
 - Hobbies
 - Family/living arrangements

- Overview of views/experiences on **lender communication** –
 - **Recall/awareness** of communications since 1st January 2015
 - If aware, **reactions** to communications
 - Emotional responses
 - Interpretation of messaging - purpose/relevance, understanding of action required
 - Value of the communications – to them, to the lender
 - Questions they had e.g. did they wonder why the lender was contacting them?
 - Discuss **action taken**, if any
 - Type e.g. reviewed their repayment plan
 - Reasons
 - Whether participant informed the lender of their actions
 - If not, why?
 - What, if anything, **triggered actions** - tone, language, timing, personal circumstances at the time of communications
 - **If no action** taken (i.e. nothing done in response to letter):
 - Explore main reasons
 - Explore whether typical for other financial obligations

Financial understanding and experience (10 minutes)

Section aim: To understand circumstances around mortgage management to provide context to journey mapping, as well as understand possible barriers to engagement with a lender e.g. fear/low confidence with finances

- Explore management of **personal financial circumstances**
 - **Types** of personal finances – general household finances, mortgage, pension, budgeting, saving
 - **Priorities** – relative importance of personal finance obligations i.e. is mortgage a priority? How does it compare to other obligations (e.g. pension planning, debt, household costs)
 - **General approaches** to managing finances – How would they describe their relationship to finances
 - Do they plan ahead or wait to the last minute
 - To what extent do they plan finances long-term – e.g. for retirement
 - What is their attitude towards financial risk – do they gamble with their finances; which types of personal finances do they see as more / less risky, and why (and where do mortgages fit into this)
 - **Who is involved** in personal financial management incl. whether they are the main financial manager in household, partner/other, financial advisor
 - When **finances are top of mind**, reasons
 - How **important** financial management is to them personally
- Explore **level of financial knowledge and experience** –
 - **Confidence and understanding** of finance issues, including mortgages
 - **Trust/scepticism/perception** of lender & wider financial services
 - **Mortgage responsibilities**
 - their role, others (if not already discussed)
 - what does that involve – steps, timings
 - **Consequences** of a shortfall at maturity (end of mortgage term)
 - for them
 - their family
 - Emotional reaction to that

Customer journey mapping (25 minutes)

Section aim: To explore in depth participant's decision making processes and their experience of taking up and experiencing an IoM and lender communications specifically.

RESEARCHER NOTE: To use the map -

- Discuss from the point that the participant first heard about IoM through to now.
- Establish rough timings for each stage and record this on the map.
- Fully explore all the participant can remember happening throughout the process, including people involved, key activities, what was going on in their life at the time, how they felt about developments - and record on the map.

RESEARCHER NOTE: Introducing the journey map

Tell the participant that during the interview you will be creating a journey map together to understand their experience of taking up and using an IoM, starting at the beginning of the process through to the end. The map will be used to establish relative timings of key events and can be added to or amended throughout the discussion.

- Experience of how they were **introduced** to an IoM
 - How they became **aware of IoM**
 - **Circumstances** of their becoming aware of IoM
 - Timing – month/year
 - What was going on in their life at the time
 - Who was involved in their introduction – lender, an intermediary/broker, friend/family//colleague
 - Who was primary point of contact – lender, intermediary/broker, etc.
 - **Recall of what they learned** about the mortgage at the time of introduction – lender engagement in particular
 - **Initial** assessment of the mortgage they were introduced to – role of lender in particular
 - Likes/dislikes, reasons
 - Understanding of the mortgage
 - Questions they had
 - Risks/benefits, including repayment plans
- Experience of **signing up** for the IoM mortgage
 - **Rationale** for choosing IoM instead of any other method – role of lender in particular
 - **Relative timing** compared to introduction to mortgage
 - **Steps taken** following introduction to IoM
 - **Terms of their mortgage** – length, amount, tracker/fixed rate
 - Explore any discussions about **repayment plans** – role of lender in particular
 - Type of repayment plan
 - Customer understanding of repayment responsibilities
 - Timing of agreeing repayment plan (e.g. In place from the start?)

- If in place, reasons for agreed plan and confidence in plan
 - If not in place, reasons for why not
 - If not in place, when did they plan to put a repayment strategy in place (e.g. after life moments - child going to school or getting a promotion)
 - How far having a **repayment plan was emphasised**
 - **Level of detail** e.g. specific actions for customer to take during mortgage term
 - **Implications** of not repaying discussed?
 - **Ease of decision** to sign up
 - **Speed of decision** to sign up
 - **Feelings about decision** to sign up
 - What was going on at the time
- Experience **since signing up** for the mortgage
 - Personal involvement in **monitoring payments/developments**
 - Changes, if relevant, to **repayment strategy** e.g. no longer able to sell house, inheritance isn't coming
 - Have they taken advantage of lower interest rates to repay mortgage capital? If not, why?
 - **Explore feelings about their mortgage**
 - Whether concerned at any point
 - Whether they believe repayment strategy will provide sufficient funds/why?
 - Explore **extent to which this is realistic** –
 - If relying on property sale / inheritance / investments etc. Have they planned where will they live?
 - Whether repayment vehicle is expected to cover other costs (e.g. retirement/pension, other debts)
 - Have they calculated costs / timings?
 - Do they have back up plans?
 - How confident do they feel about their plan? (e.g. not wanting to sell their forever home)
 - **Support/contact accessed** since signed up for mortgage
 - Type/content, reasons
 - Source - lender, intermediary/broker, accountant, friend/family//colleague
 - Timing
 - Reactions
 - **Information/communications about mortgage received** – from lender, friends/family/media
 - Type
 - Source - from lender, friends/family/media
 - Timing
 - Reactions

- **Lender communication** specifically

RESEARCHER NOTE: *We are especially interested in customers that have less than 12 months to maturity (refer to profile sheet). Cover the points below in detail:*

- **Communication type** – email, letter, phone call
 - **Reactions** to communications received
 - Emotional responses
 - Interpretation of messaging - purpose/relevance, sense of urgency, understanding of action required
 - Value of the communications – to them, to the lender
 - **Discuss action taken**, if any
 - Assessed repayment strategy
 - If yes, assessed with who? – Self-assessment vs. financial professional?
 - Approached financial advisor/professional
 - **If did not contact lender**, explore why
 - What, if anything, **triggered actions** - tone, language, timing, personal circumstances at the time of communications
 - **If no action taken**, explore main reasons e.g. didn't receive a letter, don't open letters from lender, optimistic situation will resolve itself in time etc.
- **Explore outcomes expected if they contacted their lender**
 - What did they think would have happened **if they had contacted their lender?**
 - Reasons - E.g. experience of others that have been through same experience, media, assumptions
 - Thinking back, what did they **expect would happen** by not contacting their lender?- lender would handle, government would intervene, would come into money eventually
 - **Additional information** they would have wanted – at what point, reasons, implications

Support and communication needs, and suggestions (10 minutes)

Section aim: To understand type and extent of support, whether communication or otherwise, to inform engagement strategies.

If necessary, use projection throughout this section e.g. “Some people really struggle with their ability to pay off their mortgage, what might those people need to be more confident?”

- Discuss **support and communication needed to be confident in ability to pay off mortgage** when the time comes, if relevant
 - Type e.g. awareness raising, education etc.
 - Source e.g. via lender, FCA, MAS, news/media, other?
 - Channels e.g. email, phone, website, letter
 - Content
 - Tone
 - Timing
- Discuss **support and communication needed to engage with lender**, if relevant
 - Type e.g. awareness raising, education etc.
 - Source e.g. via lender, FCA, MAS, news/media, other?
 - Channels e.g. email, phone, website, letter
 - Content
 - Tone
 - Timing
- Explore **how lender communications can be improved** to encourage engagement with lender
 - Channels e.g. email, phone, website, letter
 - Content
 - Tone
 - Timing
 - Customer service related to assessing/agreeing repayment strategy

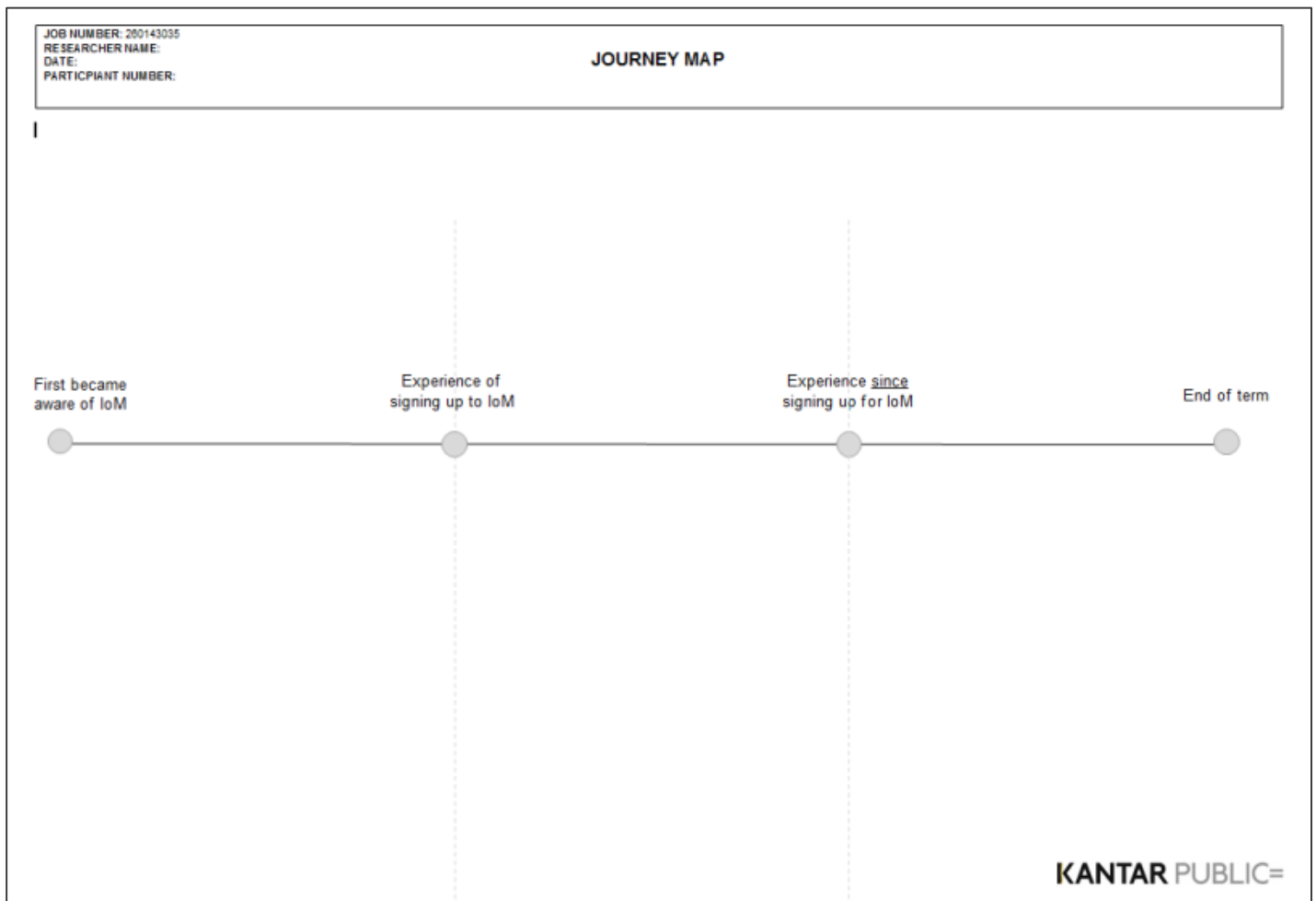
Thanks and close (2 minutes)

Section aim: To wind down the interview, capturing any outstanding views/experiences, and bringing the interview to a close.

- Final messages
- Thanks, and reminder of confidentiality and anonymity
- Further support handout (if needed)
- Issue incentive

5. Stimulus

This is the research tool used in the journey mapping exercise of the qualitative depth interviews (see Technical Report – Topic Guide, page 31). Researchers used this journey map to focus the conversation and capture details about customers' experiences of having an interest-only mortgage. Researchers and participants annotated the journey map throughout the discussion to chart key points in the customer's journey.



6. Further Support Letter

The research team developed this letter to give to participants at the end of research interviews. The letter refers participants to sources of advice if the interview raised concerns about repaying their interest-only mortgage.

Further Support

Thank you for taking the time to help us with this research for the Financial Conduct Authority (FCA) – all of the thoughts and comments you've shared with us are much appreciated.

We will be reviewing the things you have said, along with others we have spoken with, to provide the FCA with the views of mortgage borrowers. The FCA will use this information to provide feedback to mortgage lenders with the aim of protecting the interests of consumers.

If the interview has raised any concerns for you, where you feel you may benefit from receiving advice or guidance, then you should contact your lender or, if you don't feel comfortable contacting your lender, the Money Advice Service (MAS) can offer you free and impartial guidance:

Money Advice Service (MAS)

Phone: 0800 138 7777

Webchat also available

Monday to Friday, 8am to 8pm

Saturday, 9am to 1pm

Sunday and Bank Holidays, closed

You may also find the MAS interest-only mortgage guide helpful:

<https://www.moneyadviceservice.org.uk/en/articles/ways-of-repaying-an-interest-only-mortgage>

To confirm, this research has been conducted by Kantar Public in accordance with the Market Research Society's Code of Conduct - nothing you say will be shared with your lender or the FCA in a way that will identify you.