



THE  
**FAMILY**  
BUILDING  
SOCIETY

**FAMILY SECURITY ACCOUNT**

## GLOSSARY OF TERMS

This aim of this glossary is to provide you with a clearer understanding of the language used within our savings literature.

For more information on terms please refer to our A to Z jargon buster at [familybuildingsociety.co.uk/savings-jargon-buster](https://familybuildingsociety.co.uk/savings-jargon-buster)



**Annual Equivalent Rate (AER)** – This is used to show you what you would earn in interest from your savings over a year as a percentage. The AER always assumes any interest earned from your savings is compounded.

**Annual interest** – This is when interest on your savings is paid yearly.

**Compound interest** – This is interest that is applied to interest previously added to your savings. For example, if you put £1,000 in your savings account at an annual interest rate of 4.0% AER, you would earn £40.00 after one year. In the second year, you would then earn interest on £1,040, earning £41.60 (4.0% AER of £1,040.00), taking your total to £1,081.60.

**Family Mortgage** – A Family Building Society mortgage that allows borrower(s) with low deposits the chance to secure a 95% LTV mortgage, with the help of additional security from family members (up to 25%). This additional security could be in the form of savings, property or a combination of the two.

**Family Security Account** – A savings account which is designed to provide additional security for a family member who does not have a sufficient deposit to meet our standard lending criteria. Family members can place money into this account, which acts as security for a set time period, whilst earning interest.

**Gross interest rate** – The amount of interest you'll get on your savings or investment before paying any tax.

**Interest rate** – This is how much you will earn on your savings account as a percentage amount.

**Joint account** – A savings account shared by two or more individuals. For the Family Security Account, all account holders must be direct family members of the Family Mortgage applicant requiring this account for additional security against the mortgage.

**Personal Savings Allowance (PSA)** – The total amount of interest you can earn each tax year across all of your bank accounts (excluding ISAs) without paying any tax. For more information on your PSA please refer to [gov.uk/apply-tax-free-interest-on-savings](https://gov.uk/apply-tax-free-interest-on-savings)

**Negative equity** – A property is in negative equity if it's worth less than the mortgage secured on it and it's normally caused by falling property prices.

**Savings Account Certificate** – This is sent to you after opening your savings account. It contains your account information and is confirmation of your initial deposit.

**Summary Box flyer** – This is a summary of the key features of your savings account. This is included within the product pack along with a Product Features leaflet and the General Conditions for our Savings Accounts booklet.

**Variable interest rate** – The interest rate you receive on variable interest rate accounts could go up or down. We will notify you of any rate changes in accordance with the General Conditions for our Savings Accounts leaflet.

IN THIS PRODUCT FEATURES LEAFLET WE'VE SET OUT THE FEATURES AND BENEFITS OF OUR FAMILY SECURITY ACCOUNT, SO THAT YOU CAN DECIDE WHETHER OR NOT THE ACCOUNT SUITABLE FOR YOU.

YOU WILL ALSO BE REQUIRED TO SIGN A DEPOSIT AGREEMENT AS SET OUT IN THE ACCOUNT TERMS ON PAGES 6 AND 7 OF THIS LEAFLET.



#### **This account would be right for you if you'd like:**

- To provide additional security in support of a buyer using the Family Mortgage, by placing money into a savings account, which acts as security for up to 10 years (but may extend beyond this in certain circumstances) and earns interest at the same time.



#### **This account wouldn't be right for you if you'd like:**

- Access to your savings whilst this is being used as security (usually up to 10 years)
- To add additional savings at a later date.

## **IN SUMMARY**



The Family Security Account is designed to provide us with additional security for a family member who is taking out a Family Mortgage but would otherwise not have a sufficient deposit to meet our standard lending criteria. It allows other family members to help the buyer by placing money in the account for a period which would normally be of up to 10 years (but may extend beyond this in certain circumstances as described in this leaflet) to provide that security and at the same time earn interest.

It is not suitable for family members who may need access to their money within that 10 year time frame.

If the house is sold for less than the mortgage value, the property is in negative equity. While the security is in place, there is a risk that the money in the security account may be used to make up the difference between the sold price and the mortgage value.

## **Other key features:**

- Deposit from £5,000
- The account is set up at the start of the Family Mortgage and cannot be added to
- Withdrawals or account closure are only available following a review of the Family Mortgage the account is attached to
- Withdrawals will be paid by transfer to your bank account or by transfer to another account with us
- Interest paid annually on 31 December each year
- Account closure will usually occur no later than 10 years after the start of the Family Mortgage the account is attached to. This is subject to the payments on the Family Mortgage being up to date and no demand having been made by us for repayment of the Family Mortgage.

**THE MORTGAGE WILL BE SECURED ON YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

**Before completing the application form, please read this leaflet carefully, together with the Family Mortgage brochure, the accompanying Summary Box flyer and the General Conditions for our savings account which are separate enclosures. Please get in touch if you have any questions.**

## **HOW TO CONTACT US**

📞 New Business Team: **03330 140141**;

💻 [familybuildingsociety.co.uk](http://familybuildingsociety.co.uk);

✍️ Ebbisham House, 30 Church Street,  
Epsom, Surrey KT17 4NL

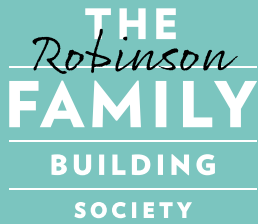
Once your account is opened, if you need to contact us:

📞 **03330 140144**;

✉️ [savings.service@familybsoc.co.uk](mailto:savings.service@familybsoc.co.uk)

The full terms of this account comprise the details set out in this Product Features leaflet and in the separate General Conditions for our Savings Accounts booklet.

We reserve the right to withdraw this account or to change the interest rate available for new accounts at any time and without prior notice.



# HOW OLIVER ROBINSON CAN GET A MORTGAGE AT A REDUCED RATE

## THE ROBINSON' S STORY



BILL AND JANE ROBINSON ARE AGED 61 AND 58. THEY WANT THEIR SON OLIVER, 25, TO HAVE THE SAME OPPORTUNITIES THEY HAD. THEY HAVE SAVINGS OF £40,000 THAT THEY WANT TO USE TO HELP OLIVER BUY HIS FIRST HOME. BILL AND JANE ARE USED TO BEING SUPPORTIVE PARENTS BUT WANT TO GO THAT BIT FURTHER.



*'Because I could get a mortgage at a lower interest rate, I'm paying less every month'*

## 92 IVY LANE

VALUE: £200,000

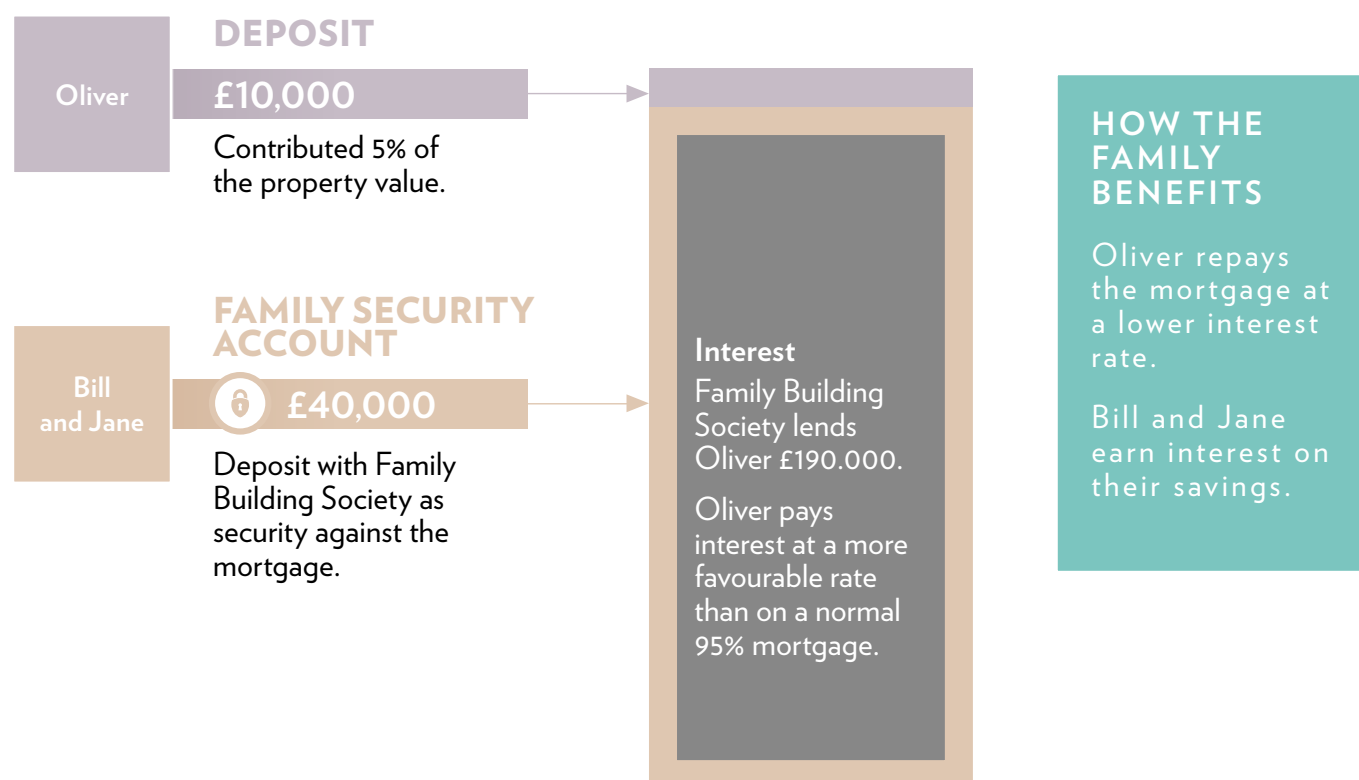
Oliver is able to save £10,000 for a 5% deposit. So he now needs to borrow £190,000. The Family Mortgage allows Bill and Jane to move their money into a Family Security Account with Family Building Society. Their savings work as security for Oliver's mortgage which means Oliver can get a mortgage for 95% of the property value at a more favourable rate of interest than he might otherwise be able to get.

Bill and Jane continue to earn interest on their savings and Oliver has more disposable income which he can start to save. Oliver will be responsible for making the mortgage payments and the arrangement will be reviewed at the end of each fixed rate period (three or five years) up to 10 years.

At the end of the 10 years, as long as Oliver's mortgage is up to date, Bill and Jane will have their money returned.

Family Building Society helps by providing a safety net. Subject to meeting certain conditions, the Society will meet Oliver's mortgage payments for up to six months should he become unemployed through no fault of his own on a one-off basis. After six months or when Oliver returns to work, if sooner, he will need to start making the payments again.

## HOW IT ADDS UP FOR THE ROBINSONS



## FAMILY SECURITY ACCOUNT

In order for the borrower to meet our standard lending criteria the total amount charged as security in all Family Security Accounts, Family Offset Accounts plus the value of any charge on another family property. When added to the borrower's initial deposit must be equal to at least 25% of the value of the property being purchased with a Family Mortgage.

### FINANCIAL SERVICES COMPENSATION SCHEME



Eligible deposits with the Society are protected by the Financial Services Compensation Scheme (FSCS).

This product is covered by the FSCS.



### APPLYING FOR AN ACCOUNT

You can apply for a Family Security Account by post. This must be done at least 14 days before the start of the Family Mortgage to which the account is attached. For the borrower's protection, and in order to provide certainty that the Family Mortgage funds will be available, the account should be opened before contracts are exchanged in respect of the property being purchased with a Family Mortgage.

#### Who can open this account?

You can open an account as an individual or jointly and you must be a direct family member of the Family Mortgage applicant requiring this security. Direct family members include the borrower's parents, parents' siblings (uncles and aunts) or grandparents. Step-relations in these roles are also acceptable. You must also be ordinarily resident in the UK for tax purposes.

Up to four separate Family Security Accounts and/or Family Offset Accounts with one or two family members per account can be opened in connection with any one Family Mortgage, allowing a wide set of family members to help the borrower buy their home.

#### What do you need to do?

Your Family Security Account will be opened when we receive your:

- fully completed Family Security Account application form;
- opening investment minimum £5,000;
- evidence of identity (if required);
- details of the bank account where you would like interest to be sent.

You can open an account by cheque or by transfer from another savings account with us (subject to normal withdrawal terms of the paying account).

If you are opening your account by cheque please make it payable to "Family Building Society", followed by your name.

Unless you're an existing customer, we will require at least one cheque to be drawn against your own personal bank account to allow the new account to be opened. If you are unable to provide a personal cheque and your funds are to be drawn from another bank or building society account please contact our New Business Team to discuss the circumstances before you apply.

### Account Records

When your Family Security Account has been opened, we'll send you a Savings Account Certificate as confirmation of the amount placed in the account.

The Certificate should be kept in a safe place, along with this leaflet and the General Conditions for our Savings Accounts booklet, as your record of your account. We'll issue a statement each January covering the previous 12 months that shows receipts, withdrawals following a review, interest earned and the latest balance.

In order to keep you up to date with information, we ask that you let us know as soon as possible of any changes to your name, address, phone number or email address.

### IDENTIFICATION REQUIREMENTS



We are required by law to verify the name and address of all new members.

#### New members

To check your identity we will carry out searches on you at a credit reference agency that will supply us with information, including details from the Electoral Register. The searches will not be seen or used by lenders to access your ability to obtain credit.

If we are unable to verify your identity by this method we will be unable to open your account until we receive further identification. In this instance we will advise you of the additional documentation required.

#### Existing members

If you are applying for an account by post, you will not need to provide further evidence of your identity if you already have an open savings or mortgage account with us, your signature matches our records, and your name and address haven't changed.

### TREATING CUSTOMERS FAIRLY



We are committed to treating our members fairly, and it's central to everything we do. As part of our commitment to treating you fairly we will provide information on our products and processes that is clear and easy to understand. If you have a query or need our help and support, we will respond to your needs and treat them sensitively and flexibly. If you have any questions, or need any help with applying for a product or managing your account, please contact us using the information at the end of this leaflet.

## COMPLAINTS



We always try to provide a first-class service. Occasionally however, things can go wrong. If they do, we'll try to put them right.

If you have a complaint you should contact us and we will endeavour to resolve the matter quickly and satisfactorily. In the first instance contact should be made by phone or in writing to our Family Service Team at our Principal Office. A leaflet detailing how we deal with complaints is available on request from our Family Service Team, our Epsom branch or our website [familybuildingsociety.co.uk/complaints](https://familybuildingsociety.co.uk/complaints)

If we do not resolve your complaint internally to your satisfaction, you may be able to refer it to the Financial Ombudsman Service. The service was set up by Parliament and is free for customers to use. They will look at the facts of what's happened in a dispute between customers and financial firms.

They may decide that a firm has dealt with a complaint fairly and will explain why to the customer or they may decide that the firm has done something wrong and they will then tell the firm to put things right. A copy of the explanatory leaflet published by the Financial Ombudsman Service is available on request or further information is available on their website [financial-ombudsman.org.uk](https://financial-ombudsman.org.uk)

## FAMILY SECURITY ACCOUNT TERMS



You must read these Account Terms which include the Summary Box flyer with our General Conditions for our Savings Accounts which also apply to this Account. If there is any conflict between these Account Terms and the General Conditions for our Savings Accounts, these Account Terms will prevail.

In these Account Terms the following defined terms will apply and will have the meanings set out below:

**Account** means a Family Security Account and where there is more than one Account, reference is to each and every Account;

**Additional Security** means (other than the Deposit and any Mortgage over the Property) any security we hold for the Mortgage, being other Family Security Accounts and/or Family Offset Accounts charged on similar terms, or security over other property;

**Borrower(s)** means the person(s) being assisted with their Mortgage by your Deposit as named in the Deposit Agreement;

**Deposit** means the funds in your Account from time to time which are intended to assist the Borrower(s) in securing their Mortgage and to provide additional security for that Mortgage: where there is more than one Account, reference is to each and every Account;

**Deposit Agreement** means the Deposit Agreement we require you to enter into with us under which you charge the Deposit to us as security for the Mortgage;

**Mortgage** means the Family Mortgage entered into by the Borrower(s) in respect of the Property (and including any variations, replacement offers and further advances as set out in the Deposit Agreement);

**Property** means the property of the Borrower(s) charged to us under the Mortgage;

**Relevant Proportion** means the proportion of the Deposit to the sum of (i) the Deposit; and (ii) the value of any Additional Security (as described further in the Deposit Agreement);

**Review Date** means the date of expiry of any fixed rate of interest on the Mortgage as identified in the offer for the Mortgage (or any subsequent offer);

**Security Cover** means at any given time the aggregate of (i) the value of the Property, (ii) the Deposit and (iii) the value of any Additional Security.

1. The Account is only available in conjunction with a Mortgage and provision of the Account is conditional upon your entering into the Deposit Agreement. The maximum number of Family Security and/or Family Offset Accounts you may have in respect of one Mortgage is four and all such accounts must be referred to in the offer for the Mortgage. Accounts may only be opened by post having completed the relevant application form.
2. The offer letter for the Mortgage we issue to the Borrower(s), which we will copy to you, will specify the required Deposit. We will send you copies of any variations, replacement offers or offers for further advances.
3. As the Deposit will be used as security for the Borrower's obligations to us, we require that you receive independent legal advice before you open an Account and that the certificate to this effect in the Deposit Agreement is completed by a solicitor who is not also acting for the Borrower on the Mortgage. This could however be another solicitor at the same firm as the Borrower's solicitor. The solicitor is likely to charge you a fee for this advice and you will be responsible for paying any such fees.
4. The full amount of your Deposit will be subject to the Deposit Agreement and whilst the Deposit Agreement continues you will not be permitted to withdraw any of the Deposit. You should therefore ensure that after having provided the Deposit you will still have sufficient funds available from other sources to meet any financial demands that you may face whilst the Deposit Agreement is in force as you will not have any access to the money you provide for the Deposit during that time. In light of this, and of any tax liabilities you may face, we also strongly recommend but do not require that you also seek independent financial advice before you open an Account.
5. To open an Account you must be aged 18 or over and be ordinarily resident in the United Kingdom for tax purposes.

# FAMILY SECURITY ACCOUNT

## ADDING TO YOUR SAVINGS

6. When opening the Account you must deposit the full amount of the required Deposit. It is not possible to make further investments following your initial investment.



## INTEREST

7. The interest rate for your Account will be the Interest Rate referred to in the Summary Box flyer, which is variable in accordance with the General Conditions. Interest will be calculated daily and paid annually on 31 December. Interest from your Account must be transferred to another account with the Society or paid by transfer to your bank account.



## TAKING MONEY OUT

8. No withdrawals from or closure of your Account will be permitted save as provided in Conditions 9 to 13. This does not prevent us exercising our rights under the Deposit Agreement to use money in the Account as security for the Mortgage.
9. We will repay all of the Deposit to you (subject to Conditions 10 to 13 below) upon the earliest of:
- (a) full repayment of the Mortgage, or
  - (b) expiry of the period of 10 years from the date of the Mortgage, or
  - (c) any Review Date on which the balance on the Mortgage expressed as a percentage of the value of the Property is 75% or less.
10. We will repay part of the Deposit to you (subject to Conditions 12 and 13 below) on any Review Date on which the balance of the Mortgage expressed as a percentage of the Security Cover will be 80% or less after any such release. We will only make a partial release from the Deposit under this Condition if the amount which can be released without the Mortgage balance exceeding 80% of the value of the Security Cover is at least £5,000 and if the remaining Deposit is at least £5,000 after any such release.
11. To calculate the value for the purposes of Conditions 9 (c) and 10 we will value the Property using our standard criteria in place at the time in the period of 30 days prior to the Review Date and notify you whether all or part of the Deposit is to be repaid or not.
12. If we hold Additional Security we will tell you when the Account is opened what the Relevant Proportions are in the Deposit Agreement (and we will also set this out in the offer letter for the Mortgage). We will only release amounts in accordance with Conditions 9 (c) or 10 taking the Relevant Proportions into account between the Deposit and any Additional Security.



13. If (i) the payments on the Mortgage are not up to date, or (ii) we have otherwise demanded repayment in full of the Mortgage in accordance with its terms, in each case at the expiry of the 10 year period referred to in Condition 9 (b), or on any Review Date for the purposes of Conditions 9 (c) or 10, then the Deposit will not be repaid and the Deposit Agreement will remain in force until the payments are up to date under the terms of the Mortgage and/or any moneys demanded under the Mortgage have been repaid in full, at which point it will be repaid as provided under Conditions 9 (b), 9 (c) or 10 as applicable.
14. If the Property is sold or we are forced to repossess the Property at any point while the Deposit Agreement is in force, and there is a shortfall on the sale (that is, we do not raise enough money to clear the full balance on the Mortgage), we can take money from the Account to make up the difference at any time without prior notice to you as set out in the Deposit Agreement. We will inform you if this has been done. If there is Additional Security we will only exercise our rights in the Relevant Proportions as described in the Deposit Agreement.
15. If we repay all or any of the Deposit as described in Conditions 9 and 10, we will do this by electronic payment direct to your nominated account or, if you ask us, by transfer into another account with us.
16. The Deposit will remain in the Account subject to the terms of the Deposit Agreement even if you die, and so will not be available to your estate until it is released as described in Conditions 9 to 13 above.

## CHANGES TO THE ACCOUNT

17. No changes to the names on the Account, including any assignment or transfer of it, may be made by you.



FOR MORE INFORMATION CONTACT YOUR  
MORTGAGE ADVISER.

ALTERNATIVELY, PHONE OUR FRIENDLY  
AND HELPFUL TEAM WHO CAN GUIDE YOU  
THROUGH YOUR OPTIONS.

**03330 140140**  
**FAMILYBUILDINGSOCIETY.CO.UK**

If you need this document in an alternative format please call us on **03330 140140**.

To find out more, please contact our New Business Team:



**familybuildingsociety.co.uk**



**03330 140140**



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Family Building Society is a trading name of  
National Counties Building Society which is  
authorised by the Prudential Regulation Authority  
and regulated by the Financial Conduct Authority  
and the Prudential Regulation Authority.

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