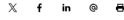


Broker Jul 25 2023

Ability for homeowners to self-service mortgage is 'baffling', says broker



(Alex Green/Pexels)

By Tom Dunstan



The ability for consumers to self-service their mortgage after taking initial advice is "baffling" and "flies in the face of regulatory rules", according to Hudson Rose managing director, Graham Taylor.

Following a reported increase in people undertaking products transfers directly, often with just a few clicks of an app, brokers have given their views on what the potential pitfalls of products transfers are.

Taylor argued that considerations such as future home moves, job changes, inheritance and expanding families are all "crucial" and must be taken into account when deciding on the correct product and structure for the mortgage.

"The product transfer system allows consumers to sidestep advice easily and can lead to decisions that come back to bite them in future in the form of early repayment charges," he added.

Brokers are always looking out for their clients, whereas lenders are always looking out for themselves

The Mortgage Expert mortgage expert, Darryl Dhoffer

Barnsdale Financial Management financial adviser, Scott Taylor-Barr, said the most common mistake for people looking at mortgages and product transfers is that they "simply look at the lowest rate on offer".

This does not take into account how long the deal is for or the fees to set it up.

Charvin Private Clients director, Ranaid Mitchell, warned that "financial advice goes way beyond getting a rate".

He explained that strategy, future planning and identification of opportunities are just as important as rates and these only come through conversations with a broker.

"Why deny yourself the overall advice opportunity, even if this results in a product transfer with your existing lender? It can only lead to better customer outcomes," he commented.

MortgageShop.com financial adviser, Gary Bush, argued that: "The general public seems to have no idea that their existing lender has no obligation to worry about if they are making the right decision when changing rates with them."

This sentiment was shared by The Mortgage Expert mortgage expert, Darryl Dhoffer, who pointed out that the lender will not notify the borrower if the rate reduces before the new deal starts, whereas a broker will, and change it to the lower rate.

"Brokers are always looking out for their clients, whereas lenders are always looking out for themselves," he added.

Recent economic circumstances may have exacerbated this issue according to Dimora Mortgages director, Jamie Lennox, who said that mortgage holders are more likely to make rash decisions due to "so much despair" in the mortgage market over the past nine months.

Lennox explained that their decision making may be motivated by fear of losing a rate but that they might not fully understanding the extent of that decision.

tom.dunstan@ft.com

What's your view?

Have your say in the comments section below or email us: ftadviser.newsdesk@ft.com

Comments Discussions My Profile

Signed in as **jimj77236** [Answere](#)

Comment guidelines
Please keep comments respectful. Use plain English as much as possible and avoid using phrasing that could be misinterpreted as offensive. By commenting, you agree to abide by our [community guidelines](#) and these [terms and conditions](#). We encourage you to report inappropriate comments. [Change your display name here](#)

Comments are closed on this story.

All Comments **5** Sort by **Newest**


- superwat** 6 months ago
Up next, financial adviser baffled clients can make their own financial decision to tie capital into structured deposits which don't allow for an early exit.
[Reply](#) [Share](#) [Report](#)
- ians56054** 4 months ago
The general public are not as stupid as some of the comments imply. Perhaps the resistance towards the extra freedom and control are motivated by fear of a potential loss of fees for the brokers. After all, it's not rocket science.
[Reply](#) [Share](#) [Report](#)
- nick165534** 6 months ago
I think it is entirely reasonable for clients to manage their mortgages. Where I object is that Lenders will not engage with brokers once the mortgage has completed. This DOES fly in the face of Consumer Protection. Even more so for Equity Release. I see pension drawdown and...

More on Broker

- Brokers bolster teams as they brace for busy 2024
- Habito hits profitability in September for first time
- Brokers praise lender service levels amid lower purchase activity

Most Read

- St James's Place** 8 hours ago
SJP partner firm hires head of wealth management
- Pensions** Yesterday
What are the merits of including death benefits with annuities?
- Pensions** 8 hours ago
Could election uncertainty and LTA changes give life to Qrops?

 Respect 1 [Reply](#) [Share](#) [Report](#)

andyb83410 6 months ago

Clients also don't realise that once they have "pressed the button" there is no turning back, especially when there a number of months to go before their current deal ends. They are also not looking at the whole of market and getting the support to see what's outside their current lender.

[Reply](#) [Share](#) [Report](#)

elizabethj88624 6 months ago

[In reply to andyb83410](#)

at least the mortgage charter addresses the 'no turning back' issue "They [customers] will also be able to manage their new deal and request a better like for like deal with their lender right up until their new term starts, if one is available"

 Respect 1 [Reply](#) [Share](#) [Report](#)