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Barclays buyout will make Kensington a 'lender to be reckoned with' – broker reaction

by: Shekina Tuahene

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Barclays' acquisition of Kensington Mortgages could reinforce its existing proposition and signal the start of high street lenders diversifying into new markets.

Reacting to the **completion of the deal**, Lewis Shaw, founder of Shaw Financial Services said it would be interesting to see how Kensington Mortgages grows with the "funding power" of Barclays.

He added: "With Kensington's systems and service levels, I can imagine they will become a lender to be reckoned with."

Rhys Schofield, managing director at Peak Mortgages and Protection, said it was good news for borrowers as they would have access to a lender who could deal with "real-life lending scenarios" with the backing of a major bank.

Skills transfer

Riz Malik, director of R3 Mortgages, echoed this, saying that Kensington Mortgages would make the most of its new funding opportunities while maintaining its independent brand presence.

He also praised the specialist lender's service, adding: "Barclays can also benefit from Kensington's streamlined process and use of technology."

Amit Patel, adviser at Trinity Finance, said the access to cheaper priced funding should enable Kensington to provide "a better product offering, with a lower rate and competitive fees".

Patel agreed that Barclays would have the advantage of using the specialist lender's systems and processes, describing this as a "win-win" for borrowers.

Scott Taylor-Barr, financial adviser at Carl Summers Financial Services, added: "I'm hoping that Kensington's systems, know-how and service standards rub off on Barclays and not the other way around. Kensington will be a good fit within the Barclays empire.

"With little overlap between markets, it gives Barclays access to instant growth and market share without competing with itself or exposing the Barclays brand to higher risk business."

He continued: "The knowledge and skills at Kensington in terms of specialist underwriting could be a real win, too. Kensington in turn gets access to a funding line that will allow them to expand and challenge in the specialist mortgage market like never before. It will be interesting to see how well the two work together in the coming months and years, as well as seeing if any other big brand high street players make moves on any of the other specialist lenders."

High street lenders eyeing new markets

Other brokers shared Taylor-Barr's sentiments, such as Malik who said this could be the start of high street lenders taking advantage of the greater profit margins seen in the specialist market.

Lee Johnson, director at Willow Private Finance, said: "Competition between lenders has increased dramatically in recent months and it will be interesting to see how this acquisition shakes up the market further.

"The requirements for specialist advice and access to specialist lending are only going to increase in this evolving market and, on the face of it, it seems like a smart move by Barclays."

One broker was less convinced.

Gary Bush, financial adviser at MortgageShop.com, said this was bad news, referring to Barclays taking over the Woolwich building society in 2000. He claimed that this resulted in a decline in service levels.

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Shekina is the commercial editor at Mortgage Solutions, YourMoney.com's sister title in the B2B industry. She has over four years' experience in the B2B publishing market, with previous industries including the accounting, pet, funeral, hospitality, retail and jewellery trades. She currently reports on current events in the mortgage market and liaises with financial clients to produce sponsored content. Follow her on Twitter at @ShekinaMS

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