



RYAN FOWLER LEAD STORY NEWS 03/09/2023

Brokers slam housing associations for conditional selling

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Housing associations have come under fire from brokers who accuse them of alleged "conditional selling" and lining their pockets with referral fees by insisting buyers use certain solicitors and mortgage brokers.

In a survey conducted by free PR platform [Newspage](#), brokers shared their views on the controversial practice, which they say restricts buyers' choices and results in a lower quality of service.

Here's what they had to say...

Matthew Jackson, director at Mint FS:

"For a scheme that was designed to benefit as many buyers as possible, to see it corrupted by developers, estate agents and housing associations is painful.

"Housing associations act on behalf of the Government policing what is a very valuable affordable housing scheme, but in some circumstances are using this as a way to line their pockets with referral fees by insisting buyers use certain solicitors and mortgage brokers.

"This lack of choice drives down service and blurs the line between who is the actual client, with brokers valuing the relationship with the Housing Association more than the one with their own client. Shared ownership needs a rebrand, a relaunch and to offer more inclusive advice to everyone who needs it."

Gary Bush, financial adviser at MortgageShop.com:

"Housing Associations and their "friendly" broker links has sadly been going on since the 2008 crash. It's very annoying and of course totally illegal. It is often hidden behind words of "our adviser needs to check affordability, separate of your adviser" and "it's much more streamlined if you use our advisers". What then often happens is the housing association's advisers only have a limited panel of lenders and they fail to gain an agreement. Even if the clients subsequently secure funding via ourselves, the Housing Association makes it difficult by stating the lender we are using isn't "High St enough" for them."

Emma Jones, managing director at Whenthebanksaysno.co.uk:

"I'm so glad this story is out there, as it's happening with a lot of housing associations. Housing associations make the interested buyer send all of their personal information to their preferred broker, who then assesses the advice they have had from their current broker, and if they deem this to be advice they wouldn't give, they pull the buyer's chances of owning that home. They decide what rate of interest the buyer can pay. Pressure from housing associations regarding mortgages seems completely biased, especially when it all comes down to commissions being paid each way."

Lewis Shaw, owner and mortgage broker at Riverside Mortgages:

"This practice has been going on for ages: "In order to make a property reservation, you've got to be qualified by our recommended brokers". It's frankly a joke. We keep pointing out that conditional selling is rife in the market with numerous accounts of bad behaviour yet nothing ever happens, no one is punished, and it just carries on.

"Maybe we should all start playing the same game if there are no repercussions? At least that way we level the playing field. We've reached the point where when someone calls me and asks to book an appointment, as soon as they mention shared ownership, I explain to them there's no point coming to get any advice as you'll be pushed into another firm's arms anyway so I'd essentially be wasting my time. Not very "TCF" is it?"

Nicola Schutrups, managing director at The Mortgage Hut:

"As a business, we are lucky enough to work with a number of housing associations helping buyers of shared ownership properties get qualified. Not all buyers are eligible for shared ownership as per government guidelines, so housing associations need to financially qualify applicants, and they will generally use a regulated broker for this.

"Normally, housing associations have panels of approved brokers, in our experience it's free to be on and they never require payment for this. We've never had a housing association ask for payment or commissions, so I would suggest that if this is happening it's not widespread."

Hannah Bashford, director at Model Financial Solutions Limited:

"In my experience, Housing Associations ask an adviser whether they are affiliated to qualify the applicant before they will proceed. When I have provided the paperwork, they still insist it has to be signed off by their advisers. It's such a waste of time for those advisers and the clients. Housing Associations have a duty to make sure the applicants can afford the mortgage but surely any FCA-qualified adviser who deals with those mortgages and can show the relevant paperwork should be enough?"

Katy Eatenton, mortgage & protection specialist at Lifetime Wealth Management:

"I have personally never had a problem with clients purchasing Shared Ownership properties. They have to be qualified to check affordability, which is understandable, but my clients let them know they've paid an upfront non-refundable fee to me and engaged my services so they are not willing to switch advisers. Simple."

Justin Moy, managing director at EHF Mortgages:

"Yet again, we have 'conditional selling' in the property sector. When you have a very captive audience such as those looking at the shared ownership scheme, prospective buyers will be even more scared that if they try to exercise their rights, they will potentially lose their property.

"What is more frustrating is that typically the mortgage broker will invest a lot of time talking about the scheme, how it works, the process to follow and potentially the kind of properties in scope, only for the financial inducement wheels to take over and result in a lost client. I just hope this is a very isolated incident and that in the main, this is not a common practice, but this practice needs to be eradicated immediately."

Paul Neal, director of mortgages & equity release at Missing Element Mortgage Services:

"It's another housing market scourge when housing associations insist that the borrower has to speak to their own adviser for an "affordability check" and to ensure that the buyer's chosen broker has completed the works correctly. Has this been addressed or has anyone been punished? Not to my knowledge. It's a practice that will continue until something is done about it."

Riz Malik, director at R3 Mortgages:

"This is quite concerning and I have had suspicions of this in previous transactions. Clients should be free to choose who they receive their financial advice from and not be fearful of losing a property. We need an immediate and thorough review to address the matter."

Bob Singh, founder at Chess Mortgages:

"As someone who was hauled over the coals by BBC Radio in the late 90s when I was an in-house broker for an estate agency chain, I feel I can talk about this practice having seen it from both sides. From a developer or Housing Association perspective, it's not just about the remuneration, it's the control aspect."

"Dealing with pally brokers and lawyers means they have entities that have a vested interest in the deal processing to completion and all work together towards that common goal. I'm sure all brokers and lawyers are totally ethical and they act in the best interests of the client but it does deny the customer freedom of choice and possibly a better mortgage or conveyancing deal elsewhere."

"Conditional selling is outlawed by the Property Ombudsman but at times the fear of losing a property drives the customer into their hands. Until we see fines and penalties being handed out, we may not end this practice. It's high time tougher rules were introduced."

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