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SPECIALIST LENDING

The return of short-notice mortgage withdrawals is creating panic among brokers - analysis



Some lenders are giving advisers too short of a notice period before pulling mortgage products off the market to be repriced, which is causing renewed frustration, brokers have said.

Malcolm Davidson, managing director of UK Moneyman, pointed out that in the last two weeks a number of lenders had announced changes and given brokers up until midnight to secure outgoing rates.

He said: "The days – or should I say nights – of short-notice product pulls have recently made an unw a turn of events which I find extremely unfortunate.

Last year, the average shelf life of mortgage products fell to a record low as lenders battled against an uncertain

Davidson said brokers were the "first line of defence" against anti-money laundering but with lenders pulling deals with just a few hours' notice, it gave advisers little chance to secure the deals they quoted to clients and could result in them "cutting corners" on diligence checks.

He said the broker community rejuctantly accepted that short notice withdrawals were necessary last year to protect vices but said there had been no significant issues for six months.

Davidson suggested that now lenders were "protecting their margin because of the market volatility", adding: "At the margins really that skinny that giving us 48 hours' notice of a rate pull is not possible?"

Gary Bush, financial adviser at MortgageShop.com, said giving the market a couple of hours' notice before pulling a mortgage rate from the market was making things worse.

He said there did not seem to be care shown towards the advice firms who were recommending products, submitted data, had the case agreed in principle and were most of the way through a full application.

Bush added: "I personally would hope that the Financial Conduct Authority's Consumer Duty might have something

Creating stress and disrupting the work-life balance

Brokers noted that sudden product changes impacted mental health and imposed on their downtime.

Davidson said: "They [lenders] know we will bend over backwards and burn the midnight oil when their own teams have logged off. It seems that mental health awareness turned out to be nothing more than words as well."

Scott Taylor-Barr, financial adviser at Carl Summers Financial Services, said when this happened, the pressure was suddenly on to get any pending applications submitted before the cut off

because a lender chose to pull a rate at 4pm and gave us all until 6pm to get applications submitted."

Riz Malik, director at R3 Mortgages, said: "It is important to note that products being withdrawn with abbreviated

Justin Moy, managing director at EHF Mortgages, said this was a common practice and suggested the only way around it was to not have any important afternoon appointments, so rate changes were not missed.

clients may feel panicked into taking a deal, certainly not the experience you would promote for the most important

Moy said the "impulse rate changing malarkey" created a difficult work environment for brokers and made it hard

Consistency across the sector

The question was also raised as to why some lenders were able to give up to two days' notice for product withdrawals, while others were not.

"We all appreciate that market conditions are changing constantly, but some lenders like Coventry Building Society and Platform are able to let us know with at least 24 to 48 hours' notice, so why doesn't the rest of the market do the

notice period, to provide a reasonable timeframe for adjustment to new pricing,"

Davidson also said lender technology should be able to let them see how many cases were in their pipeline so they could plan better and reserve funds until "we safely collate and check all documents".

He added: "A big thank you to all the lenders who do treat our community with the respect it deserves by giving us tice. It is much appreciated and it's about time the bigger players upped their games.

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over four years' experience in the 828 publishing market, with previous industries including the accounting, per, 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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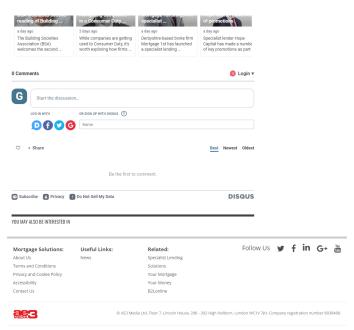
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