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JESSICA BIRD · LEAD STORY NEWS RESIDENTIAL MORTGAGES · 28/02/2024

Lenders "throwing borrowers under the bus" despite reporting bumper profits, say brokers

Despite posting bumper profits, a recent trend that has seen lenders remove products and reprice at short notice, has led some brokers to criticise institutions for "throwing borrowers under the bus."

Newspage asked brokers if the practice of lenders pulling products with minimal notice was aligned with the principles of Consumer Duty.

Reaction:

Riz Malik, founder and director at R3 Mortgages:

"It baffles me that lenders have once again started to reprice products with negligible notice periods, a practice that can see consumers pay much more for their mortgages.

"As countless lenders continue to report billions in profits, the practice of pulling products with little, if any notice, is throwing borrowers under the bus.

"It's crucial to keep the customer's interests in mind with every transaction, and withdrawing products at short notice should come to an end.

"Once again, it is down to the broker community to defend their corner.

"Last year, a group of brokers under the banner of The Broker Collective initiated a campaign urging lenders to commit to a 24-hour notice period before discontinuing products, as the practice was rife.

"This movement gained swift support within the broker community, yet lenders still hesitated, often pointing to financial concerns.

"Such a minor concession should have a negligible effect on their overall business."

Darryl Dhoffer, adviser at The Mortgage Expert:

"Is a 24-hour notice period really too much to ask for a financial decision as important as a mortgage?

"It's time for lenders to step up and show some transparency.

"Pulling products sometimes with as little as 2 hours' notice surely undermines the principles of Consumer Duty?

"Consumers deserve fair treatment and informed decision-making, not sudden changes jeopardising their financial plans.

"Lenders should adhere to responsible lending practices, and explore ways to minimise the impact on borrowers during necessary product adjustments.

"A 24-hour notice period offers this compromise."

Stephen Perkins, managing director at Yellow Brick Mortgages:

"It certainly is hard to plead poverty for the inability to give notice on rate changes, whilst declaring huge profits in your published accounts.

"The argument that lenders cannot afford to give sufficient time, during working hours, for brokers to secure rates for clients before they are pulled is looking more like an excuse.

"Brokers working to midnight or having to rush applications in with an hour's notice to ensure customers get the best deal is not helping brokers, and brokers make up 80%+ of lenders business volumes, so they should be supported more.

"Lenders pulling products with short notice is doing borrowers a huge disservice and is not acceptable."

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

"Consumer Duty focuses on the customer journey and being treated fairly.

"How Coventry can give 48 hours' notice, yet Virgin only manage three hours' notice, is baffling, and the latter does not have the borrower in mind.

"That aside, the broker is being considered even less.

"Pulling rates at 8-10pm is after most advisers have finished for the day, so lenders then force brokers to choose between their client and family time.

"To see many lenders announcing strong profits is simply rubbing salt in the wound."

Lewis Shaw, owner and mortgage epert at Shaw Financial Services:

"A 24-hour notice period by lenders would be ideal. However, it seems clear this will never become a reality.

"Perhaps a better way would be if lenders gave no notice, as the issues arise from a lack of available time to process an application when deadlines have been set.

"If we remove the need for a deadline, we remove the issue altogether. Maybe that's the way to go instead."

Gary Bush, financial adviser at MortgageShop.com:

"To hear that financial trade bodies last year were pressured to 'row back' by lenders on pushing for them to formally agree to a 24 or indeed more ideally 48-hour warning before removing any of their mortgage rates, allowing financial advisers to secure valuable rates for their clients without too much panic occurring is sad news.

"The excuse given at the time appeared to be that financially such a process would make the lender's finances unstable and open them up to volatility – we now hear, in these same companies' trading figures release, that they are all making billions, in some cases, of additional turn over/profits.

"The Financial Conduct Authority needs to look at this and request that lenders fall in line with their Consumer Duty responsibilities.

"It's no good having financial advice firms struggling to cope, suffering from great stresses, and mental conditions due to these multi-million-pound lenders having their own interests in front of consumers, and its financial partners."

Robert Timm, managing director at Sunland Mortgages Limited:

"Whilst I understand the conditions that lenders work under, more should be done to consider the mental health of mortgage brokers, and particularly allowing a work/life balance that I am sure the mjaority of lenders give their own staff.

"Pulling rates with sometimes 30 minutes' notice is completely unacceptable to the broker and borrower alike, and surely falls foul of Consumer Duty in one way or another.

"A recent trend seems to be pulling rates late in the afternoon but 'allowing' brokers to submit applications until 8pm on an evening.

"Do we not have families ourselves? Should we miss putting our kids to bed to do right by our clients? It's really frustrating."

Graham Cox, founder at Self Employed Mortgage Hub:

"A few lenders already commit to giving brokers 24 hours' notice of rate changes, so there's really no excuse for the rest.

"The stress that late product withdrawals cause for brokers and clients alike is unacceptable, and I don't know why the FCA doesn't enforce a notice period under Consumer Duty."

Hannah Bashford, director at Model Financial Solutions:

"Profits over people, that's what we're ultimately dealing with.

"Let's face it, a few hours' notice or same day withdrawals lead to time missed with family, elevated stress levels and unhappy clients if the deadline can't be made. It laughs in the face of Consumer Duty.

"How can you possibly give advice and compile a compliant case with under 24 hours' notice, not to mention the fact the client is unable to read and digest the terms and conditions in that time.

"Vulnerable consumers are a huge concern, how can they possibly agree to a mortgage, sometimes with less than 3 hours' notice?

"Even when we are given until midnight to get an application in, there is no support from the lenders' offices so we brokers are left having to navigate computer errors and referrals with no one to help.

"If lenders expect brokers to offer a 24/7 service, they should be providing support staff within their own companies to do the same."

Jack Tutton, director at SJ Mortgages:

"In the past week or so, we've seen lenders pull products with as little as four hours' notice, giving very little time for us to get a product secured before rates increase.

"Whilst it's understandable that they need to be reactive to what's happening in the market and remain profitable, when it comes to reducing rates this isn't the case with some lenders taking two or three days from announcing their new products to them being released.

"The markets haven't been as volatile as perhaps we've seen previously therefore a minimum 24-hour notice shouldn't be difficult to agree to."

Elliott Culley, director at Switch Mortgage Finance:

"If one lender can offer 24 hours' notice, why can't they all sing to the same hymn sheet?

"Whether it's a first-time buyer or a seasoned homeowner, borrowers need time to make a financial decision and pulling rates with 3 hours' notice in some instances is not what Consumer Duty was all about."

Ben Perks, managing director at Orchard Financial Advisers:

"As I type this, I've had an email from a lender giving me just five hours' notice of product withdrawals.

"When lenders do this, I don't think they realise how it flips your day upside down.

"Submitting cases to that lender is now a priority and everything else gets parked.

"This then forces brokers to work evenings and weekends to catch up and maintain good levels of service for the clients they care about.

"I'm sure that lenders do not reprice on a whim, so these changes are agreed well in advance of notifying brokers and borrowers.

"Under Consumer Duty, a minimum of 24 hours should be mandatory.

"There will be clients that are impacted detrimentally because of the lack of notice.

"It's also not great for broker mental health and this is a growing issue within the industry."

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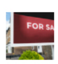
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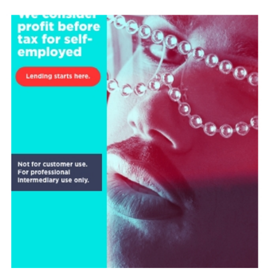

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