

MSoS: BREAKING NEWS

Leeds BS reduces rates for Reach

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NEWS

Brokers admit speed of mortgage rate changes is 'overwhelming' – analysis

By John Fitzsimons
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Technology has helped temper the 'chaos' the recent rate reductions, but some brokers still feel overwhelmed.

Rarely a day goes by at the moment without lenders announcing mortgage rate changes. Just this week, we have already seen new rates introduced across both residential and buy to let by the likes of Santander, Barclays, Virgin Money and Coventry Building Society.

Brokers admitted to Mortgage Solutions that the current speed of mortgage rate changes can be overwhelming, though this only serves to highlight the importance of independent advice. There were also splits on whether technology currently does a good enough job in helping brokers keep on top of rate developments.

Keeping up with mortgage rate changes like 'spinning plates'

Michelle Lawson, director of Lawson Financial, said that the pace of change can be "overwhelming", where she feels like she is "constantly spinning plates".

She added that brokers are "expected to be on our A game 100 per cent of the time. We work tirelessly and relentlessly for our customers at all hours of the day which impacts our family and home life too".

This was echoed by Hannah Bashford, director at Model Financial Solutions.

"It can be very overwhelming to keep up with the rate changes and our income has been greatly reduced by the amount of work that is involved with making numerous applications and monitoring of rates, but it is the best thing for our clients."

Having quality communication with clients is crucial in all circumstances, suggested Sebastian Riemann, director of Virtus Private Finance. He noted that having a good understanding of where your pipeline is at, as well as carrying out regular checks, will help but so too will explaining the economic conditions with the client at the outset.

He added: "The current scenario of falling rates is great for the consumer, but we know all too well that this trend can quickly reverse."

This was echoed by Ken James, director of Contractor Mortgage Services, who said that transparency with the client was crucial.

"You need to get them to understand that what we offer today may not be their final rate and that we will be checking and updating according to market changes. Clients just want the best deal so it's important for them to understand that we are on the same page."

Jane King, mortgage adviser at Ash Ridge Private Finance, said that she tends to keep the 'top ten' deals in her head as they will probably be used the most, though also noted their research systems are updated in real time.

She emphasised the importance of keeping on top of market developments, adding: "I keep quite a few lists".

King argued that the importance of non-rate factors varies based on the circumstances, with speed, service levels and underwriter expertise a priority for new builds.

"For the more leisurely transaction, I can change a rate two or three times if rates reduce but once an application is submitted, I tend to stick with the same lender. It's time consuming but it's what our clients expect."

Doing a sweep

Darryl Dhooffer, mortgage expert at The Mortgage Expert, said that his admin undertakes a sweep of all clients who have had an offer issued once a week, to see if a better deal can be obtained either with the same lender or an alternative one. The same process is overseen by Imran Hussain, director of Harmony Financial Services, who said: "I take a sweep of clients who are at mortgage offer weekly to ensure the client is on the best rate possible to make sure we can make any savings where we can. During a cost of living crisis every penny counts."

Anil Mistry, director of RNR Mortgage Services, explained that his firm regularly generated a report detailing uncompleted mortgages and product transfers, and which includes a list of lenders, allowing them to react as and when the lender drops their rate.

He added: "Given the recent fluctuations in mortgage rates, we now tell all our clients that we actively monitor the market. Should a lower rate emerge with the same lender, we'll promptly notify the client and take action."

Matthew Jackson, director of Mint Financial Services, said that if brokers had a superpower, it would be their ability to keep on top of rate changes currently, adding: "It is why brokers are invaluable at the moment."

He said his firm use an app to track rate changes across the top 20 lenders, while the client services department duplicate this for other lenders, matching them against clients for advisers to review.

Brokers have "earned their crust" over the last 12 months as a result of these rate changes, suggested Imogen Sporle, head of property at Finance, as "the email avalanche had inboxes fully loaded and heads spinning to make sense of it all".

However, Morris suggested that brokers need to be careful about overpromising what they can actually deliver.

He explained: "Even if a broker reviews every client's rates, every day, you will miss something at some point. No person or process is infallible. Brokers need to ensure clients confirm understanding, that the deal they apply for is the only one guaranteed, anything else is extra curricular. Firms promising to continually monitor and improve rates, are putting the complaint noose around their own necks if they go on to miss a rate drop."

Justin Moy said that while lenders are normally the best sources of rate changes, there are occasions when they "announce changes without actually confirming the new rates and details, much to the frustration of brokers and clients".

Turning to technology to cope with mortgage rate changes

Gary Bush, financial adviser at The Mortgage Shop, said that the last year has highlighted the importance of technology in keeping up to date with rate changes, arguing that the last year "would have been even greater chaos without tech".

He added: "Our record last year was to rearrange a mortgage rate for a client six times, due to the endless changes."

The Mortgage Metrics system is being used by Steven Morris, advising director at Advantage Financial Solutions, for keeping on top of when rates improve to the client's benefit, though he noted this only covers certain lenders so spreadsheets have to be relied upon otherwise.

Bob Singh, founder of Chess Mortgages, said that while the problem has "spawned many tech and AI solutions", the real answer should be lenders working in partnership with introducers and sending case-specific emails at every point a rate change is made.

He continued: "The adviser's job would then be made simpler but I fear the technology isn't quite there so the onus is firmly at the adviser's door."

Martin Stewart, director of London Money, argued that really the rate only matters shortly before making the application.

He added: "The sooner we move away from encouraging people to gamble with their mortgage the better. The casino always wins anyway so we would be better to deploy our energies elsewhere."

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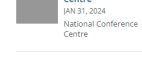


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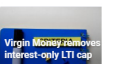
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John Fitzsimons is a freelance journalist and has been writing about money since 2007. A former editor of Mortgage Solutions and loveMONEY, he has written for titles including the Mirror, the Sunday Times, the Sun and Moneyweek, covering everything from bank accounts and mortgages to football season tickets and rare coins.

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This week a client pointed out the Co-Op sub 4% fixes, convinced he should have one and why had they not been advised to him - except he did not realise he failed affordability until I ran the DIP to offer proof. 'Google Mortgage' is the same as 'Google Doctor' - all cases are different, and circumstances after cases!

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