

Mortgage and Property

Do mortgage comparison sites have a role in advice? – Brokers and advisers share their views

by Brandon Russell | Mar 17, 2023

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Free PR platform, Newspaper, asked brokers what they think of mortgage comparison sites. Some believe they have a role, others believe they simply cause confusion. Their thoughts have been shared exclusively with IFA Magazine.

Lewis Shaw, Owner and Mortgage Broker at Riverside Mortgages: "Mortgage comparison sites are the worst invention other than the person who thought being able to take a screenshot on a mobile phone would be helpful. They should be avoided at all costs. Most people don't understand the deals they're looking at and can quickly make a costly mistake. I don't mean that condescendingly, either. The amount of confusion they cause is extraordinary. It leads to conversations where we sometimes have to be very firm in explaining they've misunderstood what they've read or aren't eligible for what they've seen. In reality, mortgage comparison sites are not there to help anyone; they exist to sell things to you, using the guise of pretending to help, to get you to share your personal details and then sell them to the highest bidder often. No one that is financially savvy should ever go near one."

Jamie Lennox, Director at Dimora Mortgages: "The biggest problem with comparison sites is the lack of advice along the way. Naturally, a lot of consumers are hunting down the lowest rate. However, without proper advice they run the risk of fixing for the wrong duration for their needs or end up on a product that is more expensive overall when factoring in any additional arrangement fees."

Scott Taylor-Barr, Financial Adviser at Carl Summers Financial Services: "Mortgage comparison sites can be somewhat misleading, as they are just a starting point to an advised process that will send you to a lender's call centre, or maybe a broker, to complete the transaction. It is not an online journey from start to finish. I often come across examples of people who have "found a better deal online"; but when we look at the better deal in more detail, it is in fact more costly, generally due to it having a lower interest rate (which is the initial reason it looks better), but then having large fees that are less obvious, be that an arrangement fee for the lender, or valuation fee."

Justin Moy, Managing Director at EHF Mortgages: "Mortgage comparison sites are designed partly for information purposes, but they are a commercial proposition too. Lenders that feature on these best buy tables will typically pay to be featured on the table, and if the borrower clicks through directly to a lender or featured broker, then the website owners receive a commission payment. Not all lenders will do this, so the view of lenders will be much narrower than a mortgage broker can see. These tables do often have information that is out of date, certainly they don't check if the mortgage deal is available given any specific circumstances of the client, e.g. affordability and location."

"We continue to have clients play 'DIY Mortgage Broker' and try and better our advice – at your peril in any market but certainly at the moment!"

Rhys Schofield, Managing Director at Peak Mortgages and Protection: "As a 'professional meerkat slayer', I think comparison sites are unhelpful. Too often people see a rate on there that they simply would never be eligible for or just doesn't meet their needs and it's no substitute for actually talking to a broker who's obliged to recommend the best deal for you and your circumstances. Don't get me started on how dangerous they are when it comes to protection, either. Scratch below the surface and I'm yet to meet a customer who is price sensitive yet doesn't want to explore making sure their policy is as comprehensive as possible and price comparison sites simply fuel this idea that it's all about the 'cheapest policy' rather than protecting you and your family well. When you die or get sick, you and your family probably won't care that you saved a few quid a month on that cheap policy."

Steven Morris, Advising Director at Advantage Financial Solutions LTD: "Everything has its place. For a switched-on customer with a simple case and needs, a comparison site can be a good start. However, customers need to understand the flaws with these sites. Research by Experian in 2019 outlined that only 3.5% of customers were able to simply apply for any deal that took their fancy. Only 22% met the criteria of their desired deal, and 33% of all applications arranged via a comparison site were rejected by the lender. If a client has a simple case, a good broker should have a success rate of 90% or so. A good broker conducts more due diligence pre-application, such as document checks, before applying,

whereas comparison sites don't seem to. Despite what meerkats may say, statistically, your mortgage application has far worse chances using a comparison site, than a broker."

Luke Thompson, Director at PAB Wealth Management: "Mortgage comparison and comparison sites in general are not the problem per se. The issue is that people don't understand the processes around a mortgage or insurance. I have lost count of the number of times I have had a customer show me a rate from a comparison site where they don't fit criteria or the rate they are looking at is a discounted or tracker rate when the customer has specifically asked for a fixed rate. Or has taken an insurance policy out which has no correlation to their mortgage. If a customer is well informed and knows what they are doing then a comparison site can be a very good tool. But for the majority of customers with only a basic knowledge of mortgages, I'm not sure a comparison site offers much value."

Rohit Kohli, Operations Director at The Mortgage Stop: "Comparison sites have their place. After all, we live in a world where information is at your fingertips so there isn't anything wrong with comparison sites, especially for straightforward products like mobile phone contracts and utilities etc. But mortgages are more complex as there can be many different variables that could affect which lender would work for a borrower's set of circumstances and you're not going to get a comparison site to do that research for you. I'm not sure how many advisers get nothing but "vanilla" clients but I don't think many of our clients would get the right mortgage for them if they just chose the cheapest option on a comparison site."

Gary Bush, Financial Adviser at MortgageShop.com: "We are a mortgage comparison site so naturally have a view on this. Technology is a great thing when used correctly. Personally, the thought of going back to 1-hour sessions with clients in High Street offices to tell them what their rate options are makes me shiver. What is there to be afraid of? Potential customers can come in 24 hours a day to your systems and perform whatever calculations and searches they need without you bothering to take your quill pen out of the holder, which is an excellent step forwards. Obviously having invested for 24 years now in online technology and automated mortgage submission systems does make us biased, but transparency is what financial regulation requires and decent online public systems bring this to the benefit of mortgage searchers daily. In a nutshell, we love mortgage comparison."

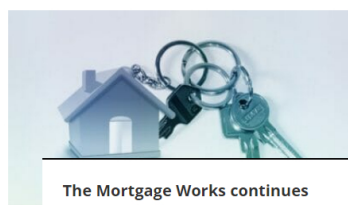
Gareth Davies, Director at South Coast Mortgage Services: "For the very small minority that have a basic scenario/need, they can be a good starting point. But the vast majority of people won't qualify for the headline-grabbing low rates bandied about and will benefit more from obtaining bespoke advice from the off. It's very common for someone to send a picture of something they've found on a comparison site, only for us to explain that they will never be able to qualify for said product due to their circumstances."

Mark Stallard, Director and Advisor at House and Holiday Home Mortgages: "Mortgage comparison sites are not what they seem because rarely do they promote products customers can actually get their hands on. This leads to disappointment and confusion. Why does it happen? Basically, it's because the algorithms they rely on can't understand real-life situations or people. They don't get nuance and because of that, they often miss the kind of essential criteria a broker will notice. This means that a professional (and human) adviser can help each client find the right deal for them. Perhaps these sites are useful for straightforward cases but beyond that I'm not so sure."

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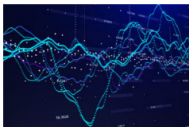
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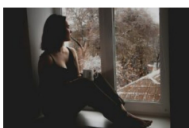
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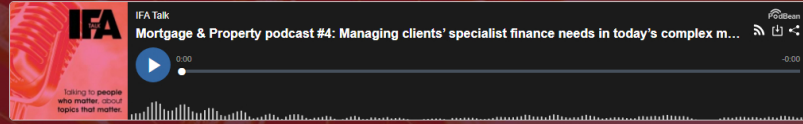
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