

# Changing criteria stall applications

By Nabeela Ahmed

Brokers and packagers are dealing with hundreds of mortgage applications that no longer fit their original lending criteria, following recent product upheaval in the sector.

Turbulence in the money markets and the cost of securitisation have triggered the widespread move for lenders to reprice or withdraw existing underwriting criteria midway through mortgage application processes, meaning applicants may not get the deal they were sold.

Richard Hearn, managing director of packager alliance All Types of Mortgages, said up to 400 applications it had in the pipeline had to be reworked at least once, with one application having to be reworked five times. He added: "Halfway through the process, the lender is changing the criteria, and then we have to go back to the broker or the client and say that what used to fit no longer fits."

John Rice, managing director of the Regulatory Alliance of Mortgage Packagers, questioned the role of treating customers fairly (TCF) with the number of product changes. He said: "Lenders are not giving proper notice and there is a massive move to change criteria retrospectively. Where does this sit with any of the lenders' TCF guidelines? The FSA should be looking into this."



**Up to brokers to help customers through the upheaval: Richard Hearn, AToM**

Rice said it was the end customer who was suffering because they were getting the deal at a higher interest rate than what was offered. He added: "Customers are not actually being misled by the broker – they are being misled by the whole process."

John Mawdsley, head of the Alliance of Mortgage Packagers and Distributors, said it had been a nightmare for brokers. He said: "They have already sold the product to clients, and it exacerbates matters further when the lender has to withdraw the product so quickly and there is absolutely no way to let brokers know in advance."