

## ESTATE AGENTS

# Estate agents accused of unfair tactics on advice

● NATALIE HOLT

Brokers have accused estate agents of using underhand tactics to ensure mortgage advice stays in house.

Alleged methods employed by some agents range from recommending retention deals to customers who don't have a mortgage with the relevant lender to telling potential buyers that their offers won't be put forward to sellers unless they use the agent's inhouse adviser.

*Mortgage Strategy* has learnt of one incident whereby a borrower was told by an agent that if both the property and the mortgage was secured through the company it would be able to negotiate a £2,000 discount on the purchase price.

Vic Jannels, group chief executive of All Types of Mortgages, says this sort of practice by rogue agents can be compounded when other services such as valuations and insurance are also managed on an inhouse basis.



**VIC JANNELS**  
WE WANT A LEVEL  
PLAYING FIELD

He says this could lead to large corporate firms having a monopoly on the house transaction process from sale to completion.

Jannels says: "All we are asking for is a level playing field. No-

body is arguing that agents don't have a rightful place in the market but this is a question of how they are managing that place.

"Customers must be given the right to choose whether they want to use the services of agents. I think customer choice would be supported by the Financial Services Authority."

Mike Fitzgerald, sales director at Brentchase Financial Services, says he has come across borrowers who have been told by agents they can

access a low rate but the deals turn out to be at 60% LTV when the clients wanted to borrow at 90% LTV.

He says: "We show clients the rates that are available as well as the lenders offering those rates. Once we explain the situation they don't go to agents for advice.

"There are still agents who tell borrowers – if you don't use us for financial advice we won't put your offer forward."

Peter Bolton King, chief executive of the National Association of Estate Agents, says agents have to be able to establish the credibility of buyers before putting offers forward.

He says: "There are advantages to using agents' advisers as it is easier for them to liaise with agents, but they must give best advice. We take a dim view of agents refusing to put offers forward or promising discounts to secure mortgage advice, and would look to act accordingly."

## LENDERS

## Fury as FSA says it's OK for lenders to cut out brokers

● NATALIE MARTIN

The Financial Services Authority has sparked an angry reaction by saying it's OK for lenders to reject brokers' mortgage applications without offering an explanation.

Glynn Crich, managing director at Gateway Home Loans, wrote to the FSA to complain about what he believed was dual credit scoring after his client applied for a mortgage and was rejected with no explanation, only to be accepted a few days later directly by the lender.

The client was offered a mortgage with a higher LTV when they went via a branch despite having no proof of income with them.

Crich says: "No advice was offered about this important financial undertaking because the adviser was not qualified to give it. The client was effectively told to pick any deal."

Crich questioned the regulator on how this sits with regard to its Treating Customers Fairly initiative and received a letter in reply.

The letter states: "Firms are not required to provide an explanation as to why a mortgage application has been refused as it is considered a commercial decision."

The FSA says the concerns raised by Crich have been raised by other brokers and the Association of Mortgage Intermediaries.

The letter continues: "Mortgage lenders are not obliged to deal through brokers – how they choose to price and distribute their products is a commercial matter for them. There have always been certain lenders that choose not to offer their products through brokers.

"It follows from this that not every product on the market will necessarily be available to any one firm – something which our definition of whole-of-market takes into account. If certain lenders decide to offer their direct customers cheaper deals, we do not see that customers' best interests would be served by preventing this."

But Crich says: "The regulator's position appears to be that it is OK that a case can be declined by a lender one day without explanation and then, because the same information is supplied through a direct source, the decision can be reversed the next day."

## EQUITY RELEASE

## Coventry puts equity release lending on ice

● NATALIE HOLT

Coventry Building Society has suspended new equity release lending, forcing the lender to pull its popular lifetime mortgage that has no early repayment charge.

A spokesman for Coventry says the reason for the move is that the cost of long-term funding is now too high to offer low lifetime rates.

He says: "We took this decision because we thought it would not be fair to continue pricing upwards – as a responsible lender we didn't want to go down that route."

Simon Chalk, mortgage and equity release planner at Mortgage Portfolio Services, says: "To my mind Coventry could have increased its rates. The truth is that it did not have any competition. And it still works out better for clients to pay more for a product with no penalties than for

a low rate that includes penalties."

He adds: "If I was a lender in the lifetime mortgage market I would never offer a product with no ERC. Pulling a product just two years after its launch shows that Coventry is inexperienced in a rapidly growing market."

Coventry says the decision has nothing to do with the ERC-free structure of its product.

Dean Mirfin, group director at Key Retirement Solutions, says that for Coventry to hike its rates rather than suspend lending would be going against its ethos.

He says: "Raising rates goes against everything building societies stand for. Their philosophy revolves around providing value for borrowers and an organisation like Coventry would want to maintain that."

## RESULTS

## Savills' financial division reports £2m first-half loss

● NATALIE MARTIN

The financial services arm of Savills has posted a loss of £2.1m before tax for the six months to June 2009.

The property specialist's financial services division comprises residential and commercial brokerage Savills Private Finance and Savills Capital Advisors, a provider of corporate finance and advice on mergers and acquisitions.

In its 2008 results Savills posted a profit of just under £500,000 for its Savills Private Finance arm, compared with £5m in 2007.

In the first six months of 2009 the financial services division saw a reduction in fee income of 48%, taking this down to £5.4m compared with £10.4m in the first half of 2008.

It says this was largely a consequence of contraction in the lending market.