

letters to the editor

mortgagestrategy welcomes readers' letters intended for publication.

Letters should be sent to: The Editor, Mortgage Strategy, 50 Poland Street, London W1F 7AX. Letters can also be emailed to mortgage.strategy@centaur.co.uk

* STAR LETTER

Get back to a mortgage system based on human values rather than the tick box

Two words, complex prime, seem to have kick-started a debate which is rapidly gathering pace and which in some sectors seems to be missing the point (Mortgage Strategy Cover Feature, April 26). Complex prime is not the new sub-prime.

We first offered complex prime as long ago as 1996 when we experienced our first dramatic growth spurt, offering mortgage brokers and their clients a way through the lending maze by placing cases that did not, on the face of it, fit any lenders' profiles.

The cases had to be clean and affordable, and make economic sense for lender and borrower.

Surprisingly, nothing has changed with these historic requirements.

And here we are, more than a decade later in a mortgage world that appears to have turned full circle.

Once again, lenders are looking to cover every conceivable angle to protect their distribution and ensure that they are lending in a demonstrably favourable manner.

But as a result, many are using a tick box mentality to decide which customers they want and turning away those who would appear to be unworthy. The computer-based decision in principle is a valuable tool but it is also turning away quality clients on an alarmingly regular basis.

What we are striving to deliver through complex prime is a way for potential borrowers to obtain a mortgage that is underwritten manually.

Credit scoring is not the be-all and end-all of deciding tools. In other words, we want a return to common sense lending.

There are three central factors that determine the viability of this type of mortgage application.

These are a maximum LTV of 75%, a clean credit history and the ability of applicants to prove beyond doubt that they can afford the mortgage to the satisfaction of the lender's underwriter.

If these three points can be satisfactorily managed there is a better than average chance that an underwriter will agree the case.

We have entered into arrangements with six lenders that are happy to work on this basis.

It is enlightening that we can arrange mortgages for human beings, underwritten by human beings who are willing to discuss any nuances in a can-do manner rather than relying on the 'computer says no' mentality we seem to have had thrust upon us in recent times.

Long may this revitalised and sensible attitude prevail for the benefit of our paying customers.



Santander should scrutinise its own staff and practices

I am experiencing an appalling situation with a hypocritical approach to underwriting being displayed by Santander.

I have clients who are purchasing a property that will become their home upon completion. The property is being let to tenants but will offer full vacant possession upon completion.

As the property is tenanted the Santander underwriters have decided that it will not lend as the borrowers could re-let the property themselves.

Surely this could be the issue with any property, whether it is being let or not.

I am appealing against this decision as the clients are offended, and rightly so.

I have been advised by Santander's appeals department that it is investigating any instance where a property could be let as it is finding itself victim to many mortgages being used for the wrong purposes.

In itself this is serious enough, but I have another client who is genuinely looking to let their current property to enable them to take out a residential mortgage on a new home.

The case has been agreed by BM Solutions at a rate of 4.7% but I have just received a call from my clients requesting me to hold fire on the application as they have been into their local Santander branch where they bank, and been told by the mortgage adviser there to take out a Santander residential

VIC JANNELS

ALL TYPES OF MORTGAGES



Dedicated to intermediaries

Providing retirement solutions exclusively through intermediaries:

- Flexible, professional support
- Award-winning service
- Simple transparent products

For a free information pack freephone 0800 731 4076,
email info@hodgelifetime.com or visit www.hodgelifetime.com

