



marketwatch

David Cameron should have a word with the Bank to get more funding into the market, not berate lenders for being restrictive. Meanwhile, NatWest and RBS seem to have turned a new leaf after their FSA fine

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Swaps increased pretty sharply last week. While a number of lenders have repriced their fixed rates upwards, it is a bit early to blame all the fixed rate increases on swaps.

Most are probably down to lenders flexing their rates upwards to manage business levels to ensure they don't exceed their targets.

A number of lenders have also increased their tracker rates but I doubt the cost of tracker funding has increased.

The difference between swap rates and the corresponding fixed rates is so huge that lenders can simply compress their margins should they choose to.

Three-month LIBOR is unchanged at 0.76%.

1-year money is up 0.01% at 1.08%

2-year money is up 0.14% at 1.76%

3-year money is up 0.15% at 2.22%

5-year money is up 0.14% at 2.89%

While I would normally jump for joy to see Prime Minister David Cameron blaming lenders for being too restrictive with their loans, I can't help but think he is missing the point.

There is little money available to be lent to borrowers, so it is just sensible for lenders to ration mortgages and only allow those who pose the least risk to borrow.

I would suggest to the Prime Minister that if he really wanted to get lenders offering decent volumes again, he should take a look at funding.

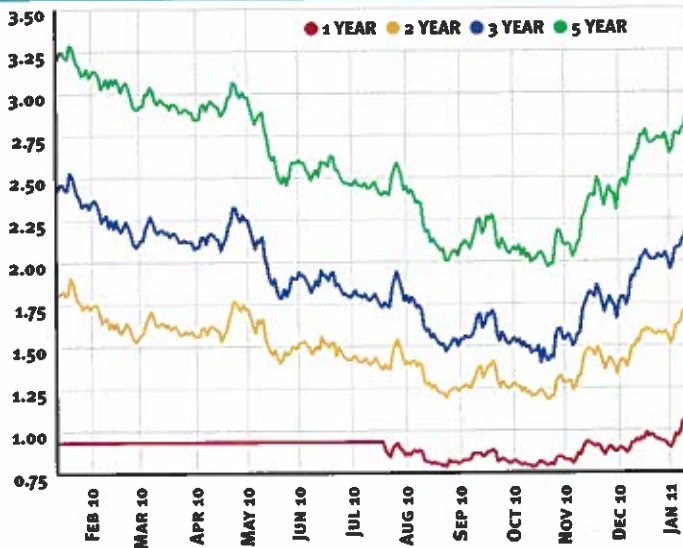
Increasing the volume of funding would allow more money to go to those further down the credit score ladder.

All he needs to do is to put pressure on the Bank of England and politely request that it extends the current lending schemes.

But I suspect he won't be doing that as it has too many economic implications.

It was strange to see that Halifax has increased a number of its low LTV rates and cut a number

INTEREST RATE SWAP



of its high LTV ones. But a number of the other large lenders have increased their lower LTV rates.

The Halifax high LTV rates have been uncompetitive for a while, so I guess it would have been pretty quiet at the higher LTV end.

I was surprised to see that NatWest and the Royal Bank of Scotland have been fined by the Financial Services Authority over problems with complaints, but they seem to have done a great job putting things in order.

I wrote to complain that I couldn't close down a dormant credit card account a few months ago and I was surprised to see a letter of apology almost by return post and a bottle of wine to say sorry.

If only all companies were that easy to deal with.

It would appear that we don't like most of the comparison website advertisements apart from CompareTheMarket, according to a survey from *Marketing* magazine, with GoCompare being voted the worst of all for the second year running.

I was gobsmacked to discover

that Halifax only sneaked in at number seven.

It is great to see that Rob Jupp is about to launch his new venture. He is a consummate professional and the industry will benefit from his return.

Excellent companies such as All Types of Mortgages have shown there is a role for specialist distributors in the market to help place cases that are complex or quirky.

Jupp has been an outstanding ambassador for the sector and I am sure his new venture will be successful.

It looks like there is some competition in the buy-to-let market, with BM Solutions and The Mortgage Works launching new rates. I think buy-to-let has a strong future ahead.

More first-time buyers are being denied mortgages and they will all need somewhere to live, so the demand for rental property will continue.

The choice of lenders for professional landlords is not likely to be a long one for a while but for amateurs, there is a decent choice.

heroes&villains



● **HERO OF THE WEEK** has to be Barratt Developments, which has launched an innovative scheme allowing parents to borrow up to £50,000 on an unsecured basis to help fund their children's deposit on a new Barratt home. While it is sad they need to do this, it is good to see firms coming up with ways to help first-timers get on the housing ladder.



● **VILLAINS OF THE WEEK** are those who blame the Financial Services Authority for all the issues in the mortgage market. Like other regulators, it missed the bubble but the current misery is down to a lack of funding, not any decision the FSA made. However, I hope the restrictive points in the Mortgage Market Review are watered down.