Edition 14
Winter 2016

Skyline

SimplyBiz Mortgages

Niche is the new normal
The changing face of mortgages for 2017

Don't let lenders take care of your clients
Why keeping in contact is key

Know your rights!
Focus on rights-to-buy

Speciality lending
The ins and outs of the evolving specialist market

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Skyline

Welcome to the winter edition of Skyline.

We have articles this month from a wide range of our provider and lender partners, covering an entire spectrum of relevant issues. However, there is a common thread which runs throughout nearly all of the contributions; that 'niche' is now the new 'normal'.

The shape of the market, and the way in which consumers conduct business, has changed incrementally over the past ten years, and we are now faced with an entirely different landscape. There is no longer a typical client; people are buying houses at different ages, with friends rather than a spouse, maybe on their own at a much later stage than you would have previously expected. In addition, product development has needed to move quickly to keep up with a world in which being self-employed, having a moderately adverse credit history or looking for a mortgage which lends into retirement are no longer rarities, but make up a large part of the market.

The way we perceive property has also changed; whether you attribute the shift in viewpoint to TV programmes like *'Property Ladder'* and *'Location, Location, Location'*, or all financial transactions losing the sense of mystery they used to hold, there's no doubt that the idea of 'a home for life' is now rather an outdated concept.

The way in which clients and potential clients research the market and conduct business has also changed, a fact recognised throughout the entire financial services sector and advisers are increasingly embracing the idea of a digital solution for consumers. Whilst there's no doubt that this idea will be reflected in the mortgage market, it's worth bearing in mind that no online solution will ever fully replace the need for face-to-face personal advice. In fact, I'm confident that a wider range of products and changing profile of clients will only continue to add value to the services you offer.

As always, I'd be very interested to hear your feedback on the contents of this edition of Skyline. Please get in touch with **marketing@simplybiz.co.uk** to let us know your views.

Finally, I'd like to thank you for all your support this year and to wish you all a very merry Christmas and a successful and healthy New Year.

Kind regards,

Martin

Martin Reynolds
Chief Executive, SimplyBiz Mortgages

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This issue's contents...

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SimplySites

Introducing

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There has been much talk about an imminent 'robo-revolution' within financial services and despite much of it just being conjecture, there is no denying that the combination of changing consumer habits and advances in technology creates new opportunities for us all...

Today's consumers are increasingly using mobile devices, social media sites and the internet in general to engage, to seek information and to transact

Businesses are now taking note of these growing trends and launching new services, new tools and, indeed, new companies

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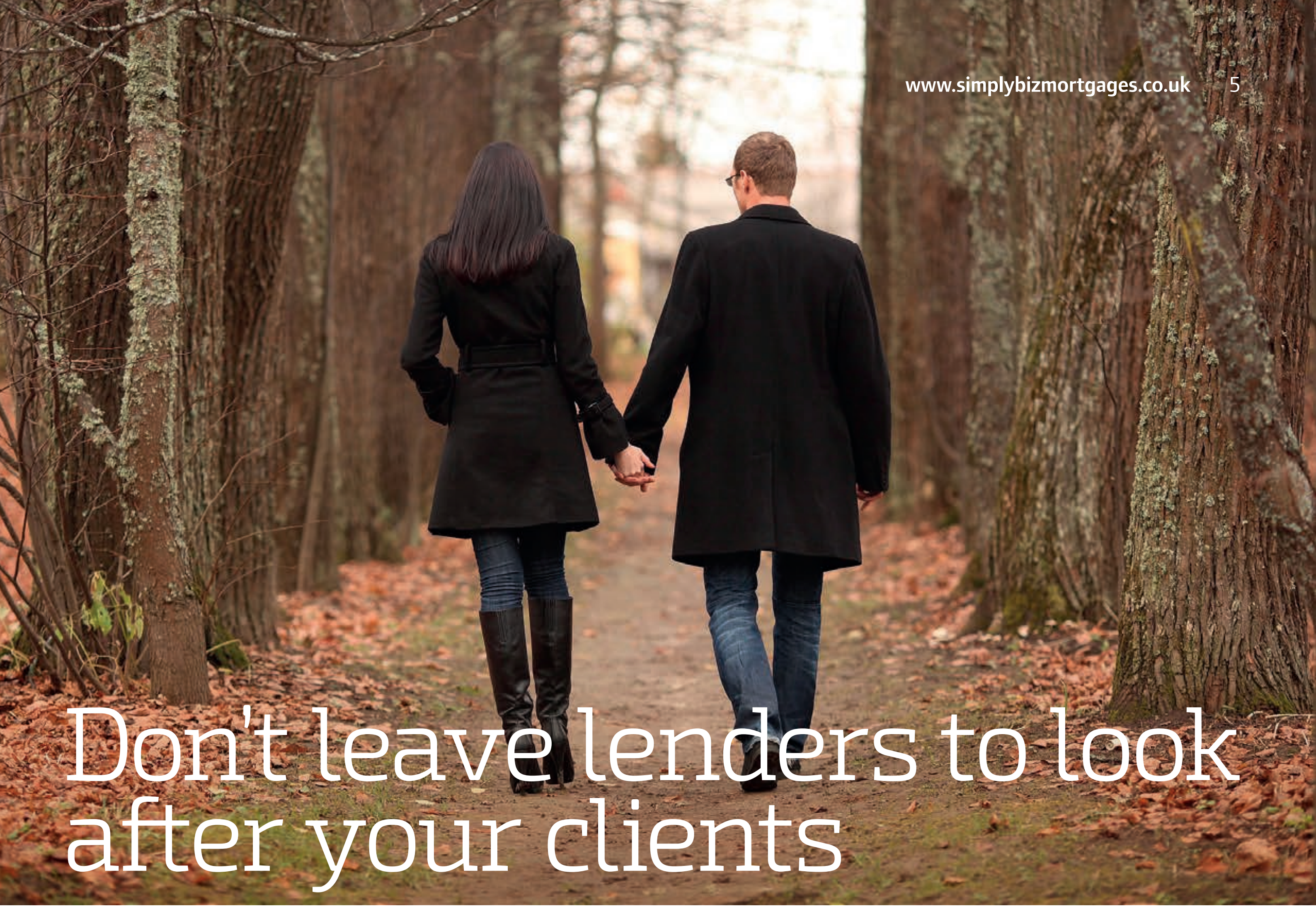

Don't leave lenders to look after your clients

Whilst the headline may seem a touch confrontational, it is meant to create a reaction and hopefully a positive one. We see many column inches about this subject and it is normally the first question at any panel debate involving lenders – **"when will you offer retention fees?"**

Martin Reynolds
Chief Executive
SimplyBiz Mortgages

A standing agenda item in all our lender meetings is discussions around lenders who do not currently offer retention fees. We have seen some positive movement in the market this year with Metro, Kent Reliance, Scottish Widows, Bank of Ireland, TSB and Virgin Money joining BM Solutions, Halifax and Barclays in paying intermediaries product transfer procuration fees. Skipton is in pilot mode and there is talk of others doing the same during 2017. All this is great news, and recognition that the intermediary market is an important part of the lenders' strategy moving forward.

However, there are other issues at play. Many lenders are spending millions of pounds on their own systems so they can allow clients to do their own product transfer via an 'execution only' system. The simple question is, 'why wouldn't they?'; we live in a commercial world after all. Lenders also have a regulatory duty to make contact with their clients and offer them a new product at the end of their current deal.

The question I would like you to answer honestly is – **"how good are you in keeping in contact with your clients once you have helped them get their original mortgage?"** Data shows many clients take out a new product with the lender either directly or, on many occasions, via a different intermediary. This is the crux of the problem. We cannot keep arguing and pushing lenders to offer the facility, pay a procuration fee and then not utilise it fully.

We need to be aware that lenders also send the product transfer letters out early. The majority send it out three months prior to the cessation of the rate, but we do know that some can send it out up to six months prior. You need to be aware of what each lender's policy is. Once you know this, you can create the reminder in your back-office system to ensure that you are speaking to the client either before or at the same time as the lender, so that they know you are still there to help.

I personally feel it is an important part of the process. Whilst looking at offering a client a new rate is the initial reason, it could be two, three or five years since they took out the last mortgage. A lot can happen in that time, situations change. Does the client need additional monies, is the term of the mortgage remaining still appropriate? Both of these questions and many more should be assessed, not just a new rate.

Lenders will not be asking these questions they will just be offering the rate. It is the opportunity for intermediaries to show why clients should always seek advice.

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Coventry makes moves on BTL market

Following the recent announcement to change its BTL maximum age at end of term from 75 to 85, and ongoing commitment to the ever-popular, ERC-free, Flexx BTL range, the Coventry for Intermediaries is making some major moves within the BTL market.

Kevin Purvey, Head of Intermediaries, explained: 'At the Coventry we are only too aware that today's mortgage market must adapt to the changing needs of borrowers. More people are working later in life and buy-to-let investors may want to keep their investment property to supplement their income, or to help save for the future. We knew this was something we needed to concentrate our resources on.

> **'We're confident that by reviewing our lending policy and carefully monitoring the market, we'll continue to attract new business and retain existing loyalty.'**

Kevin continued: 'This move is also a direct result of the way we listen to, and act on, the feedback we receive from our intermediary partners. Brokers have been asking for this change and we're delighted we're in a position to be able to deliver it.'

'We've been leading the way with innovative products for a long time,' explains Kevin. 'Our unique Flexx for Term range for BTL customers offers more flexibility and comes with no ERCs. In addition, our Flexx and Flexx Fixed pricing for BTL continues to deliver long term value and is hugely popular with brokers and their clients.'

'We're keen to make sure that our products and lending criteria are competitive and reflect the market. The recent PRA policy and supervisory statement on lending standards in the Buy to Let market means further change is inevitable as lenders digest the news and then implement the new rules during 2017.'

For more details visit
coventrybuildingsociety.co.uk/intermediaries

Kevin Purvey,
Director of Intermediaries

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Pastures new

Bob Young
Chief Executive Officer
Fleet Mortgages

As we motor towards the end of 2016, it seems right to reflect on what has happened over the last year and the rather sizeable changes that are going to impact the buy-to-let sector, lenders, advisers and, in particular, clients during 2017.

This piece is written prior to the Autumn Statement and is, therefore, predicated on Chancellor Philip Hammond not bowing to industry pressure and making changes to both the extra stamp duty charges for additional property purchase (already introduced) and those tax changes which will see mortgage interest tax relief levels phased down from April 2017. While I would like to be proved wrong, I think it is unlikely that the new Chancellor will rein back on these measures and therefore 2017 is likely to follow this year in being a changeable one for all buy-to-let stakeholders.

2016 has certainly had its drama and developments, what with the aforementioned stamp duty increases, the EU referendum vote, and (more up-to-date) the final rules from the PRA with regard to buy-to-let underwriting. The latter changes, notably those around Rent to Income (RTI) requirements for lenders were widely trailed by the consultation paper, and no lender will have been surprised to see a tightening in this area. Plus the fact they have to be brought in by the start of January, as opposed to other requirements needing to be made by September next year, will again not have been a surprise.

However, they will have a major impact for those PRA-authorised lenders who, for the most part, have already moved rental income stress test levels which ultimately impacts on the amount of borrowing available to individual landlords, and should at the very least be a major consideration for advisers and their clients right now, especially if they have the opportunity to secure a purchase or remortgage deal in the intervening months. Where possible, and given the PRA changes, it may well be in the client's interest to act now, rather than wonder why the maximum loan level they can secure is so different in the new 2017 environment.

From a buy-to-let market perspective, there's no doubting that purchase-wise the market throughout mid-2016 has been quiet. Remortgage activity has picked up and, with rates remaining low, one would assume that it should continue in this vein. The jury appeared out on purchasing for a while, however, recent figures from HMRC suggest that buy-to-let purchase activity has begun to improve, and from our perspective we continue to see a much wider use of limited company vehicles in order to purchase. Again, this appears to be a trend which will continue for the long-term future.

> "We remain wholly committed to the sector and our position in the market has allowed us to reprice and refreshen our product range"

From a Fleet perspective, the future looks bright. We remain wholly committed to the sector and our position in the market has allowed us to reprice and refreshen our product range recently, with some price cutting, criteria changes and in particular some highly competitive pay-rate lifetime tracker products for credit-worthy borrowers. Our focus remains on delivering specialist know-how, knowledge and support and we passionately believe that buy-to-let will remain a strong sector and that demand will continue to hold up and drive the market for some time to come. In that sense, despite a changeable situation – and a market which still appears to be under the Government's and regulator's radar, we should all look forward to a competitive new year.

FLEET MORTGAGES

Understanding the changing adverse market

Lending in the UK has changed significantly since the financial crash of 2008. Safer lending was put firmly under the regulator's spotlight, with many schemes introduced to improve the lending industry.

The most important and fundamental change to the market was the 2014 Mortgage Market Review (MMR), which aimed to eradicate unsafe lending practices. The MMR, and the consequent regulatory shakeup, aimed to address this issue by forcing lenders to practise greater scrutiny when making lending decisions.

Serving the underserved

Fast forward to the last quarter of 2016, and this tighter regulatory framework has drastically changed the way in which affordability is calculated. More importance is now placed on all aspects of someone's financial health, including all of their outgoings, debts and full financial history.

So far, so good. However, if we look at the situation more closely, there are clearly thousands of hard working people who have been locked out from borrowing from some of the major lenders. The problem is that many of these organisations still rely too heavily on strict, automated scoring models to decide who can afford a mortgage or loan based on simple credit calculations, with little thought given to who is behind the numbers. Credit scores operate on a good bad/win loss scenario often probability based, the challenge comes when good customers fall into statistically bad categories – they are overlooked and lost in the margins of probability.

Dream job vs dream home

MMR was created as a result of significant economic instability, but since then we have seen greater employment levels. According to the latest ONS figures, nearly three quarters of people who can work currently have jobs, a record high rate[1]. As a result, the UK is enjoying the lowest levels of unemployment since 1971 with a particular rise in contractors, freelancers and entrepreneurs. In fact, the number of contractors in the UK now stands at around 1.9m – up by more than a third since 2008.

Until lenders are willing to explore and weigh each person's financial background and career path on an individual basis, it will be impossible to assess how much they can afford to repay, and whether their employment record gives confidence that they will continue earning. For this reason, a balance needs to be struck between automated technology and intelligent technology to ensure that a consumer's individual circumstances are taken into account and lending decisions are made on a case by case basis.

Get to know the person

Most importantly, if the industry remembers to get to know the person behind each mortgage application, fully get to grips with their careers and financial histories as well as their plans for the future, it will begin to see career choices should not and will not stand in the way of a hard working person and their new home.

Source: 1. www.bbc.co.uk/news/business-37360153

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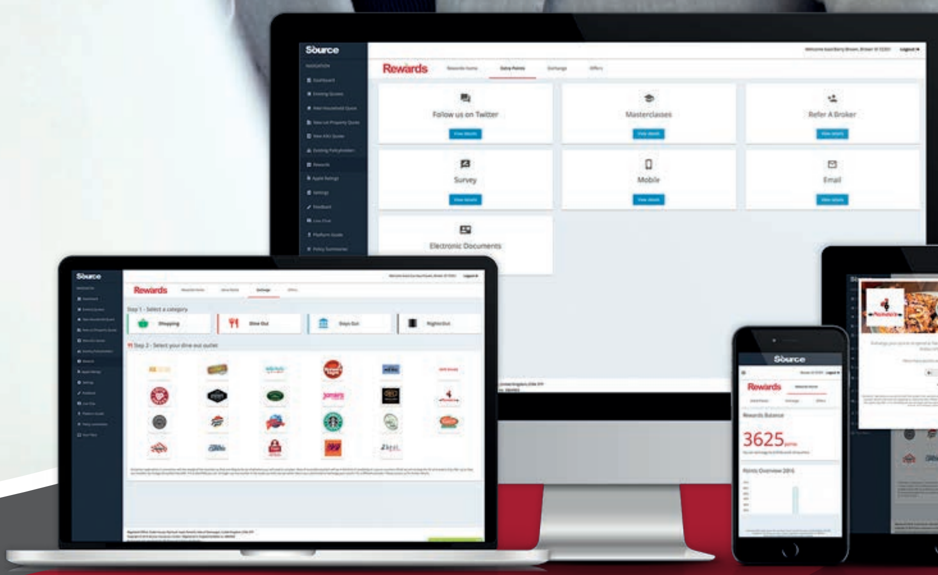


Source™

Property wealth

The opportunity that's too big to ignore

Roger Marsden
Managing Director, Equity Release
Aviva

Our recent research report (Real Retirement Report, summer 2016) paints a compelling picture of the potential role of property wealth in helping to fund retirement and this is something that advisers should look at closely.

Amongst home owners over the age of 45:

- 69% say their home is their biggest asset – worth more than their pension, savings and investments put together.
- 46% see their property as a key part of their retirement income planning.
- Nearly three in five (56%) expect to draw on their housing wealth to finance long-term care in later life.
- Almost one in four (23%) of those with mortgages are worried about paying off their loans.
- Almost one in three (31%) have given, or plan to give, money to help a child get on the housing ladder.

For many people, unlocking the potential of their property wealth could not only support their life in retirement but also the needs of their wider family.

Cashing in doesn't have to mean selling up

Whilst homeowners over 45 may have significant wealth built up in the value of their property, they are also emotionally attached to their biggest asset, with 80% of them wanting to stay in their home for as long as they physically can. However, property wealth doesn't have to be the elephant in the room. Lifetime mortgages, a form of equity release, allow clients to cash in on property wealth without having to sell their home.

Banking on bricks and mortar

With a growing number of homeowners exploring lifetime mortgages, a clear opportunity is opening up for advisers – and it just keeps on growing. Data from the Equity Release Council shows that the second quarter of 2016 saw £514.4m of lending – up a staggering 34% year-on-year. And UK homeowners over the age of 55 withdrew a record £8.2m of housing wealth every single working day from April to June.

Being qualified is just the start of the story

Whether you write business or refer it, don't let the potential of equity release slip through your fingers.

If you're already qualified to advise your clients on equity release, the scale of the opportunity is crystal clear. And with most qualified advisers who write business dealing with just four cases or fewer a year, our research points to lucrative potential for further growth.

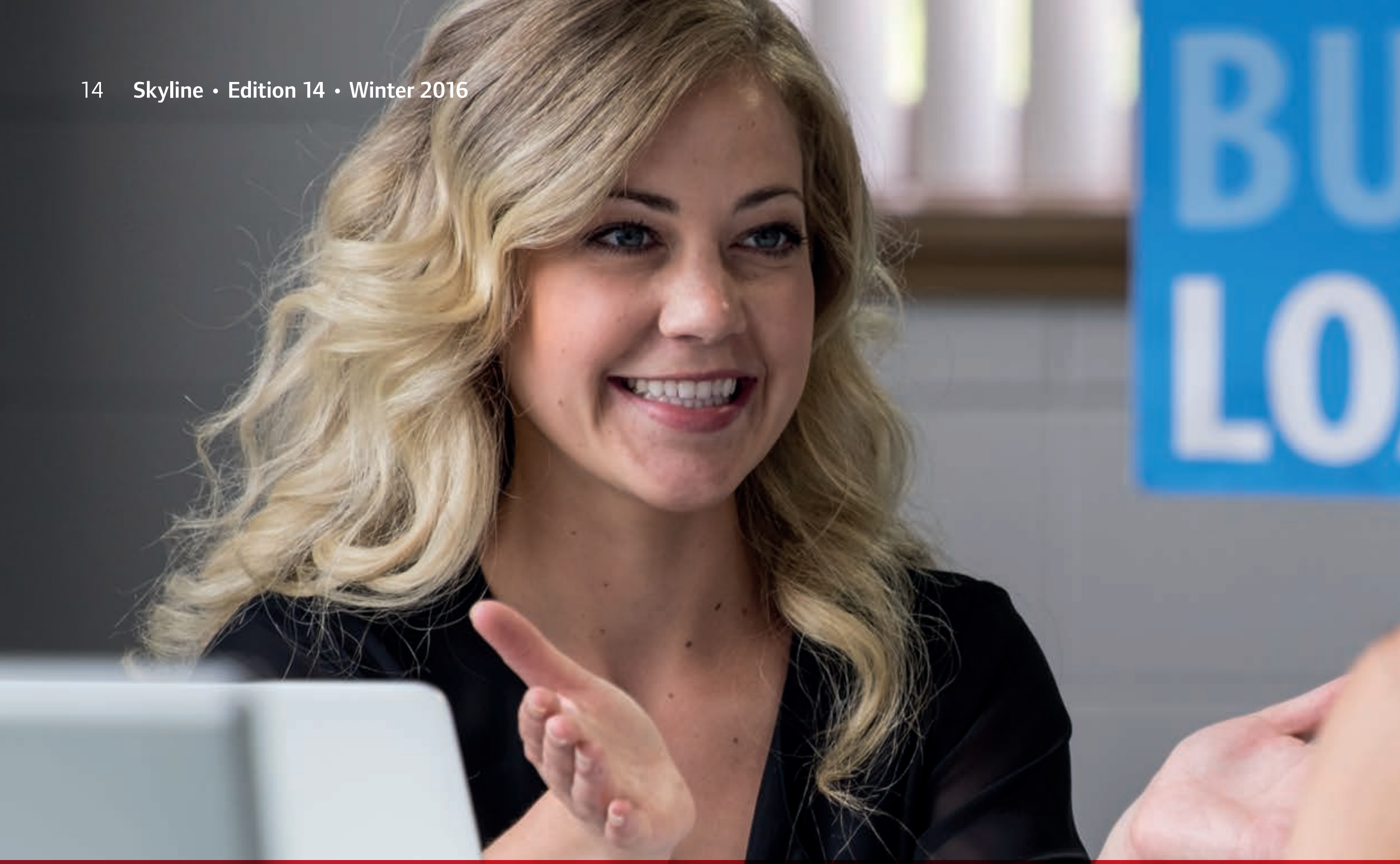
What's more, not all qualified advisers intend to continue practicing in this space, highlighting a future gap that will need to be filled as demand grows.

> "Our Lifetime Mortgage hub has all the tools you need to make the most of this opportunity"

Referrals are a firm foundation for growth

Our research reveals that a quarter of firms don't have a single adviser qualified in equity release. And 28% of those don't refer any enquiries elsewhere either, highlighting a valuable opportunity to generate an extra income stream from commissions. To target the right clients for referrals, it's useful to understand their situation and motivations. Our Lifetime Mortgage hub has all the tools you need to make the most of this opportunity, including referrals best practice guide and equity release customer profiles.

Visit aviva.co.uk/adviser/big-opportunity



Specialist lending is dead

Long live specialist lending!

'Specialist lending' is the new buzz word in the intermediary mortgage market.

If you've attended a mortgage expo, conference or roadshow recently, read an intermediary trade magazine or visited a broker website, you can't have failed to notice the many references to 'specialist lending'.

Rob Barnard
Director of Sales
Pepper Homeloans

But what is meant by specialist lending and why is it being referred to so frequently? Is this simply the latest jargon to infiltrate the mortgage market and does it really matter if some types of mortgage business are deemed to be 'specialist'?

The simple answer to the first question is anything that's not a straightforward mainstream mortgage is specialist. For example, an application that involves lending into retirement, or for a recently self-employed applicant, or limited company buy-to-let deal, or for a client with an impaired credit record or complex income, can be classified as 'specialist'.

On the other hand, an application for a fixed rate on a purchase or remortgage for an employed borrower without any complicated credit issues could be submitted to one of many lenders. It's a standard mortgage deal.

But so what?

Perhaps a key point of differentiation between mainstream and specialist lenders is that most mainstream lenders use credit scoring as a means to quickly assess a loan application and get an offer or decline issued quickly.

I guess you could break this down even further. There are mainstream lenders who use credit scoring. Then in the specialist sector, there are lenders who credit score and have an opaque approach to pricing. Then there are other lenders in the specialist sector, like Pepper, who do not credit score and have a clear and transparent approach to pricing and underwriting.

Which is precisely why, the specialist lending market is so important for mortgage intermediaries. Historically, mortgage brokers have always been able to add greater value by helping

“...the pre-crunch market has gone and there is a fresh approach from lenders within a new regime and era”

borrowers with non-standard requirements. In years gone by 100% mortgages, self-certification, sub-prime, and buy-to-let were the most active ‘specialist’ sectors.

The credit crunch and the tightening of mortgage regulation that followed resulted in the demise of some of these sectors such as, self-cert lending. Many lenders retrenched and focused on the mainstream market, but that didn’t mean that borrowers with specialist needs suddenly disappeared – quite the opposite. As lifestyles have continued to become more complex, so have clients borrowing requirements. Nonetheless, the pre-crunch market has gone and there is a fresh approach from lenders within a new regime and era.

Take, for example, someone born in the swinging sixties, who started work and applied for their first mortgage in the eighties. Compared to today, most jobs tended to be salaried, reasonably secure and borrowers’ financial circumstances were fairly straightforward. I appreciate that this is a big oversimplification, but hopefully you get my point.

Today, by comparison, there are more self-employed borrowers and those who are PAYE employees tend to have less secure jobs and often change jobs more frequently than in the past. At the same time, disposable incomes are subject to greater pressures. Children of the sixties didn’t have to worry about mobile phone contracts, internet charges, Sky TV subscriptions or the temptations of 24 hours a day, 7 days a week internet shopping. Not only are borrowers’ circumstances changing, but the pressures on their finances are also changing. Lenders today therefore have to able to accommodate their changing needs.

At the same time, we’ve seen sectors such as buy-to-let continue to grow. It could be argued that it’s a sector that has almost gone full cycle, having developed into a significant niche market and then onwards into a market today that many brokers would probably describe as mainstream. But the buy-to-let sector is going through a further period of evolution with tax changes and reduced rental yields giving rise to increased interest in limited company buy-to-let and higher yielding assets, such as multiple occupancy units. To add further complexity, some buy-to-let applicants have complex incomes or credit blips, meaning that their requirements are unlikely to be met by high street lenders. The buy-to-let sector has itself, therefore, divided into mainstream and specialist sub-markets.

These trends are inevitably going to continue. Borrowers’ circumstances, and therefore, needs are going to become more specialist, reflecting the more complex society in which we all live. Being able to accommodate their specialist mortgage needs is going to become an important opportunity for brokers.

How is the mortgage market likely to continue developing in the years to come? The evidence is there to see. Greater use of technology will not only drive service enhancements, which is good news, but will also enable borrowers with straightforward requirements to deal direct with lenders if they want to – which is not necessarily such good news for brokers.

Take, for example, someone wanting to remortgage to a cheaper deal, who has a strong employment history, clean credit record and who will easily pass credit score. If they chose to do so, they can easily deal direct with a lender and some lenders will be happy for them to do so. Brokers therefore need to be aware of this potential threat. It’s not just traditional lenders that are tapping into this market. Leading supermarkets and other new market entrants are also looking to enhance their direct lending capability.

The good news, however, is that the increasing complexity that I have referred to, will also give rise to more borrowers who need and will value the specialist input of mortgage brokers. For example, borrowers needing loans into retirement, or with complex income structures, or credit blips, will probably struggle to find a solution to their needs themselves. They will need assistance to access and then make sense of the more complex mortgage products they require.

“The good news... is that the increasing complexity that I have referred to, will also give rise to more borrowers who need and will value the specialist input of mortgage brokers”

The specialist lending market will – and please excuse the pun – become more mainstream for brokers. It’s where the greatest opportunities exist and where brokers will be able to add value for their clients. And, let’s be honest, these types of cases are far more interesting to deal with.

Specialist lending is dead. Long live specialist lending!

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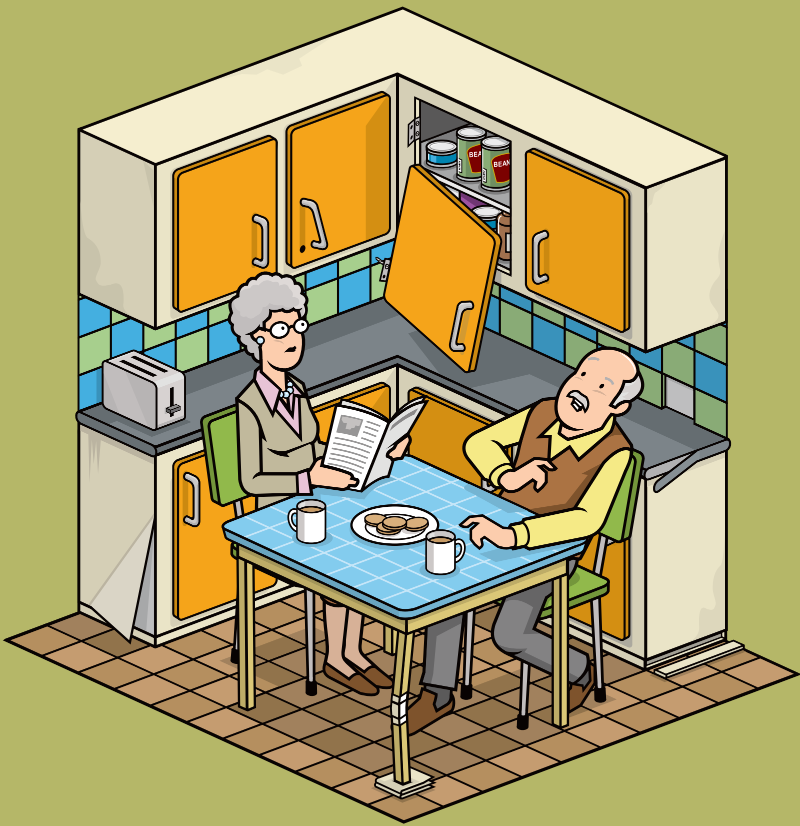

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Lenders and brokers need to consider the changing nature of UK employment

Steve Griffiths
Director of Sales & Distribution
Kensington

Britain's employment landscape is changing. More people are turning to contract work or starting their own business and this changing shape of employment means a more diverse group of customers for the mortgage industry. So what impact is this having on the market?

For starters, a staggering number of people now fit into the category of self-employed workers. Over 4.7 million classify themselves to be within the segment, according to the latest ONS figures. This increased from 3.8 million in 2008, and they now account for 15% of Britain's workforce.

For the mortgage market, this means a diverse pool of customers and an increasing number of borrowers with more challenging cases to assess. However, these borrowers can still find it difficult to secure a mortgage because of the variable nature of their remuneration.

There are some important elements of understanding self-employed income that cannot be considered without a full appreciation of the circumstances. So, for example, is the customer choosing to retain some profit within their business, or is a contractor having their earnings paid into an umbrella organisation?

As self-employment continues to grow, so too do the variations of self-employed income. It's therefore crucial for an adviser to truly understand how their client receives his or her income before they can assess the most appropriate products and lenders.

Each lender will look at cases differently, so advisers need to be mindful of the specific criteria for each mortgage application and ensure that their clients' backgrounds fit the requirements of the lender.

The changing shape of employment means more lenders and brokers have to adapt to serving a growing number of clients who are self-employed or work on a non-permanent basis. Recognising the size of this demographic is the first step. And, if we are to ensure this important part of the market is well served, it is crucial we make it clear that there are options available for the self-employed and that we, as an industry, are open for business.

> “...it is crucial we make it clear that there are options available for the self-employed and that we, as an industry, are open for business”

Ultimately, brokers and lenders need to consider the real life circumstances of borrowers. We all have our own circumstances in terms of the way we work, the way we live and even our financial situation, and this means that every mortgage application is, to some extent, different.

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The general insurance market needs financial advisers

James Watson
Sales & Marketing Director
Paymentshield

> "...customers are no longer nervous about sourcing products online and are more than happy to take a chance on providers they don't know much about"

A number of changes within the financial services industry have had a huge impact on general insurance (GI) over the last ten years.

So, let's take a look at some of these changes and the crucial role advisers have to play in ensuring their clients don't leave themselves financially exposed.

The rise of the internet

With technological advancements, a growing number of customers are adopting a DIY approach to their insurance needs[1].

A major stumbling block with this approach is the misguided notion that all products are the same. This is partly because insurance products are marketed in such a one-dimensional way by online comparison sites, with the common approach being to list products in price order with little reference to features or benefits. They also provide reserved information on limitations, exclusions, excesses and possible charges.

In reality, this approach is too simplistic. What consumers don't realise is that product benefits can vary significantly from one provider to another, as do service and pricing structure. And, with so many factors to consider, bad decisions can prove costly further down the line.

An obsession with price

Thanks to the power of the internet, customers are more aware of their options and many demand the best price above all else, even if it means switching providers every year.

This situation has been made worse by all the mistrust stirred up by the recession and the rise to prominence of price comparison sites – customers are no longer nervous about sourcing products online and are more than happy to take a chance on providers they don't know much about.

It's a real shame because as much as consumers like a good price, their ultimate goal will always be value for money – especially when it comes to making a claim. After all, the cheapest product in the world is no use to anyone if it doesn't work.

In January 2016 the ABI published its first ever report on GI claims success rates[4] and it has been quite an eye-opener. While 99% of motor claims and 87% of travel claims are paid in full, only 79% of home insurance claims are currently successful – not because insurers don't want to pay out, but because customers are claiming for things that simply aren't covered by their chosen policy.

Answering awkward questions

These days, most types of GI come with a range of options that customers can tailor to their specific situation. The only problem is that they often prompt more questions than answers. For example, home insurance customers are generally asked: What are the contents of your house worth? What's the rebuild cost of your property? What excess would you like for buildings and what would you like for contents?

These questions are all likely to crop up on a comparison site fact find or when speaking directly to an insurer. Unfortunately, purchasers don't always know what the right answer for them actually is and so are likely to make an 'educated guess' in order to avoid delays, when in reality it is extremely difficult to calculate the sum total of a family's valuables in just a few seconds.

The point is that wrong answers can often lead to unnecessary financial loss, so it's up to advisers to make the process easier by offering guidance in all the right places. They can help clients source relevant products at the best possible price – ensuring that no one finds themselves over-insured, under-insured or financially exposed.

Financial products shouldn't be looked at in isolation

Some financial advisers pass up the opportunity to arrange property insurance or creditor insurance after securing a mortgage – even though it's often no more than a quick five-minute conversation. Maybe they think the commission opportunities don't justify the effort, or perhaps they don't want to come across as too pushy. But there's no denying that it's in the client's best interest, especially as having buildings insurance is a formal condition of most mortgage agreements and is therefore a conversation that must take place.

The problem for many advisers is that they leave it too late before bringing up the subject of home insurance. It's much better to mention it up-front and explain that their insurance can all be taken care of as part of the mortgage arrangement process. This reassures the client that the property will be protected at the point of exchange and gives them one less thing to have to worry about.

Understand the opportunity

- **1 in 3 UK households don't have contents insurance[2]**
- **29% of people don't save anything each month[3]**
- **41% of people were unsure who they'd be most likely to approach for financial advice over the coming 12 months[3]**
- **27% of workers are concerned about the possibility of being made redundant[3]**
- **The private rental sector accounts for 50% of the rental market[2]**
- **Less than 1 in 10 of people has mortgage insurance (6%) or income protection (3%) insurance[3]**
- **20% of people aren't confident of what mortgage protection insurance covers[3]**
- **33% of people would prefer to buy home insurance via a price comparison website[3]**
- **1 in 10 people with contents insurance admit they have never or don't know how often they review the value of their contents insurance to check cover is adequate for the value of contents in their home[3]**
- **26% of landlords don't have specialist landlords building and contents insurance[3]**

Thinking ahead

The GI market has come a long way in the last five or six years. Inevitably, lenders are more cautious and regulation is much tighter. There are also plenty of positives, including the fact that we're out of recession and the property market is finally starting to pick up.

It has been estimated that by 2020, the average UK house will be worth around £360,000 and by 2025, more people are likely to own a home outright than ever before[5]. The amount of private rentals is also on the increase, with numbers soon expected to exceed the amount of mortgage-holders.

Consumers need to be educated on the difference between price and value. Rather than stripped-back products and pricing, GI consumers need relevant cover, appropriate after-sales support and the benefit of sound financial advice.

So, given the size of the opportunity and clear customer need, what's stopping you from selling more GI?

Discuss how Paymentshield can help support your General Insurance business by calling our dedicated sales team on: 0345 0615 700.

Sources: 1. www.abi.org.uk/Insurance-and-savings/Industry-data/UK-Insurance-and-Long-Term-Savings-Key-Facts-2015/How- customers-purchase-products 36.5% of GI is sold directly compared to 31% in 2010 & 2011, 1 in 5 UK households do not have contents insurance
2. Office for National Statistics. https://www.ons.gov.uk/census/2011census.
3. YouGov Plc. Total sample size was 1,063 adults. Fieldwork was undertaken between 13th – 14th August 2015. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).
4. www.abi.org.uk/News/News-releases/2016/01/There-when-it-matters-ABI-publishes-insurance-claims-success-rates-for-the-first-time
5. http://pwc.blogs.com/press_room/2015/07/almost-a-quarter-of-all-uk-households-renting-privately-by-2025-and-over-half-of-20-39-year-olds.html

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Precise Mortgages

The specialist lender you can bank on

Recently Precise Mortgages launched into the Right to Buy market with a range of new products. Those of you that know me will understand how truly amazing I found this news.

Roger Morris
Director of Sales
Precise Mortgages

Right to buy

The facts

There's nothing that I like more than being able to offer intermediaries more borrowing options for their customers!

Right to Buy is a fantastic scheme that lets tenants who are renting their homes from a local authority or housing association take their first step onto the property ladder. The scheme makes their properties available at a discounted purchase price and provides the tenants with an opportunity to secure their home as their permanent residence.

Here's some background information about the scheme taken directly from **righttobuy.gov.uk/about-right-to-buy/**:

The Right to Buy scheme was introduced in 1980 and is designed to help council and housing association tenants in England buy their home at a discount.

Since April 2012, major changes have been made to Right to Buy. Maximum discounts were increased from as little as £16,000 in some areas to a maximum of up to £77,900 across England (£103,900 in London).

More than 33,000 households have taken up their Right to Buy since discounts were increased. Money raised through extra sales is now going towards building new affordable homes for rent.

As shown above there are plenty of customers that have already taken advantage of the scheme. I'm sure that you'll agree that there will be many more that follow, which is why I encourage you all to become well versed with the ins and outs of Right to Buy, even if these cases make up a small proportion of your business.

I've given a brief overview of some key customer and property eligibility criteria below to provide a refresher for those that would like a reminder of some key points.

The customer:

- Must have been a tenant of the council or housing association for a minimum of three years (these do not need to be consecutive years)
- Must have settled any rent arrears within four weeks of the landlord requesting payment

The property:

- The landlord will determine the value of the property (any disputes about valuation must be settled before a mortgage application is made)
- Discount is determined by length of tenancy
- The maximum discount is capped at £77,900 or £103,900 for properties in London

You can read more about the Right to Buy scheme, including further information about eligibility, by visiting **righttobuy.gov.uk**. The website also hosts a quick quiz for prospective Right to Buy customers to check their eligibility, which I think, is very useful for intermediaries too.

We are confident the Right to Buy scheme will support you and your customers with an alternative borrowing option and have been pleased with the amount of business the scheme has generated since our launch into the market. As the specialist lender you can bank on, I know you will value this new area of development with our Right to Buy products.

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“More than 33,000 households have taken up their Right to Buy since discounts were increased. Money raised through extra sales is now going towards building new affordable homes for rent”

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“As a broker I have confidence in Skipton. They’re reliable, trustworthy and clear with their criteria”

John Earnshaw, Broker,
Independent Financial Adviser

John and Julie, pictured in conversation in Leeds, July 2016.

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Julie Lamb,
Skipton Underwriter

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At Skipton, we recognise the importance of our relationships with brokers. It’s what drives our Real Life Lending commitment.

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