

Rise in number of advisers searching for interest-only products, Legal & General Mortgage Club data reveals

Legal & General Mortgage Club's SmartrCriteria search tool has shown a clear rise in advisers searching for criteria on interest-only mortgages

Millions of borrowers have currently chosen to defer their mortgage repayments as the COVID-19 crisis bites, but advisers are already looking at alternative solutions for customers

Legal & General Mortgage Club's data also showed a marked rise in criteria searches of mortgages for customers who had defaulted in the past

Legal & General Mortgage Club has revealed new data which shows a significant increase in advisers searching for criteria around interest-only mortgages between April and May 2020. Data from the SmartrCriteria tool, which helps advisers to quickly determine whether a particular lender would consider a mortgage application from their client, shows that the criteria search combination for interest-only, maximum age for interest-only and minimum income was the third most searched for topic on the tool last month. Loan-to-value and mortgages for people who had defaulted in the past made up the top two searches by advisers.

In April searches for interest-only were just sixth in the list of most popular searches on Legal & General Mortgage Club's tool. While rises in adviser searches in May will have been influenced by the reopening of the housing market, data from SmartrCriteria also shows that weekly searches for interest-only product criteria were already starting to rise before the lockdown eased. Although there were just a few enquiries for interest-only in the first week of April, searches for these products had moved to be the 3rd highest search by advisers in the first week of May. This could suggest that advisers have been suggesting these products as an alternative solution for clients facing difficulties as a result of the impact of COVID-19.

The data from SmartrCriteria also showed that searches of mortgages for customers who had experienced a default in the past had risen sharply a well, more than doubling between April and May 2020. Adviser searches for options for customers with CCJs or debt management plans had also seen rises over the same period, indicating that that the COVID-19 crisis could see the rise of a growing segment of borrowers who need the support of specialist lenders.

Kevin Roberts, Director, Legal & General Mortgage Club: "Coronavirus has clearly impacted many homeowners'

finances. Millions have been furloughed while others face significant disruption to their businesses - as a result one in seven borrowers has taken the decision to defer their mortgage repayments.

“For many, these payment holidays will be a lifeline, but they are not the only solution for borrowers and in many instances there will be alternative options that are more appropriate for their circumstances. This is exactly where mortgage advisers can and are playing a critical role for borrowers, guiding and supporting them to make the best decisions for their needs and plans. Our data shows that advisers are already thinking outside the box and searching for new options for borrowers who are on or considering payment holidays, that can help them to manage their monthly mortgage repayments.”

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FURTHER INFORMATION (JOURNALISTS ONLY)

Nick Seymour

0203 404 7700

landgmc@rostrum.agency

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