



MANSFIELD

BUILDING SOCIETY

Brokers value lenders that embrace flexible way of working

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There's no shortage of reasons why some older homeowners might be keen to tap into the equity held within their home.

For example, the role of the 'Bank of Mum and Dad' has become ever more central in recent years, with significant numbers of first-time buyers - and second steppers for that matter - relying on some level of financial support from their parents or grandparents in getting together a deposit. And while those older family members may have the funds to hand in savings accounts, there will be times when they don't and so the only way they can support their loved ones is by releasing money from their property.

Alternatively, the homeowner might be hoping to raise some money to supplement their pension savings, or even to carry out changes to the property which improve their quality of life.

With the incredible house price growth that we have seen in recent years, many homeowners of all ages will have seen their equity stakes increase. While that will obviously come in useful when the time comes to sell up, it's equally true that some will want to unlock at least a portion of that money in the here and now.

Hurdles to clear

Yet while the demand is obviously there, it's also common for perfectly good borrowers to encounter a range of difficulties in accessing that funding which makes the whole exercise difficult.

For example, there will be borrowers who want to take out that loan on an interest-only basis, before paying off the capital borrowed at the end of the term. It's not exactly a secret that many lenders are incredibly wary about even going near interest-only cases, preferring the security of a capital repayment basis.

Older borrowers also face stricter rules when it comes to the length of the loan, and the forms of income accepted by lenders when testing affordability. For example, some lenders are unwilling to offer deals that move very far into retirement.

It's a perfect example of how some lenders, through employing a rigid approach to their activities, end up excluding perfectly acceptable cases.

An understanding approach

There are more versatile ways of handling these cases, however.

We had a case recently with a married couple who wanted to release some equity from their home to gift to their child, who wanted to purchase a first home. They wanted to arrange the mortgage on an interest-only basis, with the intention of repaying the capital when by downsizing at the end of the term, by which point they would be in their 80s.

There are undoubtedly plenty of elements of this case that would lead to regular lenders running a mile, from the desire for interest-only borrowing to the fact that the main applicant would be 80 at the end of the term.

But at Mansfield, we take great pride in being more versatile. Indeed, there's a good reason that our product range is titled Versatility - we practise what we preach when it comes to being adaptable.

By manually underwriting the case, our team were able to get a real understanding of the various elements so that they were confident in approving it. If we had utilised a tickbox approach to our criteria, it simply would not have happened.

What really matters?

It's all too easy for lenders to find reasons to turn down cases. It's understandable, given the challenges of the last few years - and frankly the difficulties still ahead of us economically speaking - for lenders to be a little cautious.

After all it's a central tenet of lending responsibly that you do your due diligence to ensure that a client is able to afford the repayments, not just today but in the future too, should rates change.

But we believe that lending responsibly is not the same as employing somewhat arbitrary 'red lines' when it comes to policy and criteria. Yes, there may be something exotic or out of the ordinary about an individual case, but that doesn't mean it is automatically a bad deal - by digging into the details we can get a truer picture and make a more informed decision.

That approach means that we can help more brokers and their clients with cases that require that versatility, that need a more open-minded approach.

A common sense approach

If you've got a case on your desk that requires a common sense approach to lending then please pick up the phone to our Broker Support team on 01623 676360 or visit <https://www.mansfieldbs.co.uk/intermediaries/>.