The Nottingham
Bringing your finances closer to home

## The evolving face of specialist lending

As the saying goes, *there is nothing permanent except change*. And over the last five years that really has been the case in the world of mortgages.

While the Covid pandemic and Kwasi Kwarteng's experiment in Trussonomics both had a seismic impact on the mortgage market, we've also seen a much more subtle revolution in employment dynamics.

While the dramatic rise in remote and hybrid working were very much a bye-product of Covid lockdowns, there was already a growing shift away from the traditional 9-5 working week.

Research carried out last year showed, for example, that the gig economy workforce in England and Wales had almost tripled in the previous five years and that 15% of working adults now get paid by platforms such as Deliveroo, Uber and Amazon's delivery arm, Flex.

The number of freelancers is also increasing, rising from 46% of the wider population in 2019 to 49% in 2020, with freelancers contributing £162bn to the UK economy.

These types of roles, however, often result in non-standard or complex income streams, which can impact a potential borrower's ability to secure a mortgage. And with the ongoing cost of living crisis, alongside interest rate rises, many homeowners and would-be borrowers have seen their affordability or borrowing power adversely affected.

And while it's also a challenging market for lenders – with UK Finance predicting a 15% reduction in gross mortgage lending this year – there is also opportunity, most notably in the fact that over a million customers will come to the end of their fixed-rate mortgages this year.

Those customers with more complex borrowing needs are more likely than ever to be turned away from high-street banks and as a result, the demand for specialist lending is on the rise.

At The Nottingham, we've always taken a manual approach to underwriting and tried to see the individual behind the application. In 2023 and beyond, however, that is no longer enough to support the growing cohort of borrowers now deemed non-standard by the industry.

That's why we've recently made a series of changes to our criteria to make sure we can meet the needs of modern borrowers.

As well as changes to support self-employed borrowers and contractors, we also now accept the sale of mortgage property as a repayment vehicle for interest-only mortgages, giving borrowers greater flexibility. And we've also put changes in place to help brokers, such as introducing product selection at DIP stage, which provides 24-hours' notice to complete an application should a product be withdrawn.

It's a great start but we know there's much more we can do to support borrowers, and the evolution of our mortgage proposition has only just begun.

We know the market and the needs of borrowers will continue to shift and we're committed to adapting to these new requirements. To quote Socrates: "The secret of change is to focus all of your energy not on fighting the old, but on building the new."

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