

# Versatility key to serving complex borrowers

**Tom Molloy, Intermediary Sales Manager, Mansfield Building Society**

Life is starting to get back to something approaching normal now, after the traumas of the last couple of years. Who knows, sometime soon we may be able to have a conversation without having to mention the dreaded virus.

Yet the impact of the pandemic is still being acutely felt by many across the UK when it comes to their finances. For some people it will have affected their income, perhaps because of a period on furlough or in some cases, not qualifying for it, or even having lost their job. There are also likely credit blips for many as a result of an enforced tightening of the purse strings.

These changes may mean that, from the viewpoint of many lenders, those people are now classed as having 'complex' circumstances. And that could lead to difficulties in getting hold of a mortgage, no matter how good a borrowing prospect they otherwise are.

## **Complex lending? More like real life lending**

In truth, it's debatable whether there really is such a thing as complex lending today. The fact is that huge numbers of borrowers across the UK no longer fit into what lenders of old would class as 'vanilla', whether that's because of a few issues with their payment history, having more than one income stream, or even those who are looking to purchase a property that is a little out of the ordinary.

Approaching these borrowers in such a limited way and denying the elements that are a little out of the norm, simply increases the chances of saying no to perfectly acceptable applications.

Sadly, this is a way of working that is favoured by the mainstream lenders, who are only too happy to say no the moment that there is some form of complexity attached to a case for their own low-risk, easy processing business models. Not only is this unnecessary, but it also leaves a significant portion of would-be borrowers underserved by lenders.

## **Delivering competitive pricing**

Of course, brokers will look for more than simply an understanding approach to underwriting when looking to help their clients secure the right home loan. After all, it's one thing to know that a lender will understand their client's circumstances, but brokers will want their clients to pay as little as possible for that loan.

Versatility, which Mansfield launched in 2017, opens up mortgage access to borrowers with more complex circumstances including unusual property types, limited employment or self-employed history and even historic credit blips.

With this we want to deliver competitive pricing to borrowers, even if their situation is a little more complex, which is why we have now repriced the range, slicing as much as 0.25% off the headline rates. As a result rates now start from 2.84% variable.

### **A question of underwriting**

If lenders take a rigid approach to their underwriting decisions, then of course aspects of a borrower's circumstances - from the property they are looking to buy to their income status - will inevitably be given extra weight.

But that isn't necessarily a proportionate response. By taking a more details-based approach, by really digging into the facts of a case and the client's circumstances, the lender can make a more informed decision on whether to approve an application or not. Algorithms and rigid criteria are all well and good, but at Mansfield, we are committed to viewing our borrowers as individuals.

Our underwriters are empowered to really get to grips with every aspect of a case, to ensure that any perceived complications are understood and evaluated properly, rather than immediately sounding a warning siren.

After all, unusual circumstances do not automatically increase the level of risk associated with a case. A borrower who happens to be self-employed, with a stable and steady business, should not find it so much more difficult to access the funding they need.

Similarly, it's not unusual for borrowers to have been hit hard by the pandemic, which may have resulted in the odd missed payment. This needs to be viewed as the aberration it is, rather than a death knell for the borrowing prospects for the foreseeable future.

### **A combination that makes a difference**

There may have been a time when so-called complex borrowers could be viewed as a minority, as something of a niche among the mortgage landscape.

However, the last couple of years have exposed that for the fallacy that it is. Millions of borrowers who are perfectly able to service a mortgage are now at risk of missing out on the financing they need because the prescriptive approach of some lenders means they fall within the complex category.

That's why it's so vital for brokers to work with lenders who don't limit themselves in this way, and instead combine a personal approach to underwriting with a competitive pricing structure.

### **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.