

Among all the rate changes, criteria is still king

As brokers know only too well, the mortgage market is moving at an extraordinary pace at the moment. Barely a day goes by without a lender amending its product range, whether that be repricing or even in some cases, pausing lending entirely.

Time has always been of the essence when it comes to borrowing and the time pressures now mean that being able to move swiftly is more important than ever.

That doesn't mean speed for its own sake though, but the ability to swiftly identify the right lender, a lender who will be able to support the client on their journey.

After all, there is little benefit to applying with a lender where the case doesn't quite fit the criteria. Ultimately this is only likely to lead to the client being rejected, prolonging the process of actually accessing the funds needed while they apply elsewhere.

This won't simply lead to frustration, either – the delay in getting those funds could mean that the client faces a higher rate, costing them more in the long run, or in the worst case scenario actually missing out on the property altogether.

CRITERIA COMES FIRST

The state of the market today means that brokers are having to adapt their approach. Where once a focus may have been on rate, should criteria now take priority?

The challenges of the last few years mean that there has been a sharp decline in the number of borrowers whose circumstances you might describe as vanilla. This has meant that the value of lenders with a more flexible approach to underwriting, and who will consider each case on its merits, has grown in the eyes of intermediaries. However, it has also necessitated putting criteria first in order to narrow down the potential lending options.

Understanding which lenders are best able to support clients with a blip on their credit history, for example, is more crucial than ever. However, it's not just payment history which can lead to criteria challenges – some lenders take a prescriptive approach to lending to the self-employed, or those with complex incomes.

Focusing on criteria at the outset puts brokers in a stronger position to quickly identify the right lending option for their clients and avoid any unnecessary punitive delays. Given how slowly the actual homebuying process is now moving, with some studies suggesting it now takes longer for a completion to go through than before the pandemic, anything a broker can do to keep things moving is incredibly valuable.

CONSIDERING ALL THE OPTIONS

Of course, it's not just on criteria that brokers need to consider, the repayment costs of a mortgage are always front-of-mind for their clients. With this in mind, we are hearing from increasing numbers of brokers who are taking a far more positive view of discount mortgages than was traditionally the case.

The dramatic increases that we have seen on swap rates have driven up the rates on fixed rate deals sharply. That's the understandable result of lenders having to pay more to secure that funding, but it's also resulted in a real gap opening up in the pricing of discount deals by comparison.

These deals obviously won't be right for everyone of course, which is why independent advice from a broker is so crucial. Intermediaries are perfectly placed to get a true picture of a client's financial situation, and their attitude to risk, in order to help them find the right product for their circumstances.

Set against this backdrop, with so many considerations and rising rates, putting criteria at the forefront helps brokers to identify which lenders will be able to help their clients, before assessing the options that are available from those lenders.

This is particularly important where a case may have more than one complication with the borrower's circumstances or property, and the number of suitable lenders is reduced still further.

In the current environment, criteria is still king. Carry out criteria research at the outset, work with the right lenders that are able to consider your client's individual circumstances, and you will put yourself in the strongest position to deliver good customer outcomes.

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/>.**