

Standing up for complex needs in testing times.

The last few months have been a rocky one for the mortgage market. The Liz Truss Government's mini Budget sent shockwaves through the financial markets, and it has led to effectively the entire market repricing their mortgage deals at a much higher level than was the case just a few weeks prior.

There remain an awful lot of borrowers in a difficult position following this market turmoil. We know that significant numbers of homeowners have fixed rate deals coming to an end during 2023 who face a mortgage market in a markedly different position than when they took out their initial mortgage deal.

Reduced risk appetites and the true extent of product availability

There has been a notable drop off in the number of products available, and therefore the level of choice is much reduced. Figures from Moneyfacts show that, at the time of writing, there are the best part of 1,000 fewer mortgage products on the market compared with before the mini-Budget disaster.

However, the challenge is not simply down to pure product numbers. An awful lot of borrowers will also have seen their circumstances change since they took out that original mortgage. For some it will be a job change brought about by the pandemic, perhaps leaving them with a different income.

Others are simply more stretched financially, having taken on additional debt to get through the ongoing cost of living crisis or they may have missed a payment as a result of the curveball of what has now been termed a permacrisis.

Many lenders will not look too kindly on these circumstance changes. A large number of lenders were already rather prescriptive when it comes to criteria and how to assess borrowers whose situation may be less than vanilla, and this overly cautious approach is only likely to be exacerbated by the economic challenges ahead.

If they didn't want to consider borrowers with the odd complexity when times were good, are they really going to as the UK enters a recession?

Reduced risk appetites are being demonstrated through tougher criteria, forcing clients to jump through additional hoops in order to secure the financing they need. In other cases though, the lenders have essentially put down the shutters and turned their back on certain areas of the market.

Walking the walk

However, this isn't the case across the market.

Here at Mansfield Building Society for example we are determined to embrace a more versatile approach to lending, to take each case on its merit. The odd black mark, a change of circumstance or even an unusual form of building construction should not - on their own - be enough for a lender to turn away from a potential customer.

We prefer to put our trust in our underwriting team, understanding that they are best placed to truly get to grips with the intricacies of an individual case and therefore make a more informed decision about whether we can help.

Indeed, so central is versatility to our way of operating that it is the name for a range of mortgage products offered by Mansfield Building Society.

There has always been a subset of mortgage borrowers who would benefit from lenders employing a common sense approach, and that group is growing larger by the day as a result of the year's events. It's crucial for brokers to work closely with lenders who operate in this way to ensure that even clients with specialist circumstances have access to the funds they need.

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/>.