



Covid-19 fallout hits mortgage lenders' service levels Self employed and furloughed borrowers face intense grilling

Applying and being accepted for a mortgage has become a much more complicated, time consuming and drawn out process since the start of lockdown, particularly from major banks, according to mortgage brokers surveyed by the Family Building Society.

Ever changing lending criteria, affordability checks and detailed due diligence, notably for self-employed applicants, is clogging up the lending process. Call centre closures, lengthy telephone answering times and inadequate information on lenders' websites have also slowed the process down dramatically.

Keith Barber, Director of Business Development at Family Building Society said, "Intermediaries are telling us that the most appropriate offers for mortgage seekers can be snapped up early and taken off the market before formal applications can be made, adding to frustration, delay and stress."

A survey of mortgage brokers conducted by the Society this month found that lenders are taking much longer to process applications, even for relatively straightforward cases and particularly since lockdown restrictions were eased.

Eighty three per cent said that was the case during lockdown and 78 per cent said the situation remains the same since restrictions were eased at the start of the summer. Over the period since lockdown started, two thirds of brokers surveyed said that questions about lending criteria had taken longer to answer, as well as a borrower's eligibility (55 per cent) and affordability (40 per cent).

Of the brokers surveyed, 80 per cent said that lenders were asking more detailed and unusual questions which held up the process. Brokers said that lenders asked for much more information about the self-employed and many major lenders appeared to have no clear policy on lending to them - even if they have not been affected financially - as well as those on furlough and business owners who have also been hit by Covid fallout.

According to some 40 percent of brokers, lenders' websites did not provide enough information to answer their questions, particularly on the fluctuating changes in criteria and affordability, which in many cases seem to change daily. Often the smaller details need a human response, said one broker and others preferred a phone call as searching a website took too long and that only generic answers could be found. Some lenders had closed their phone lines during lockdown.

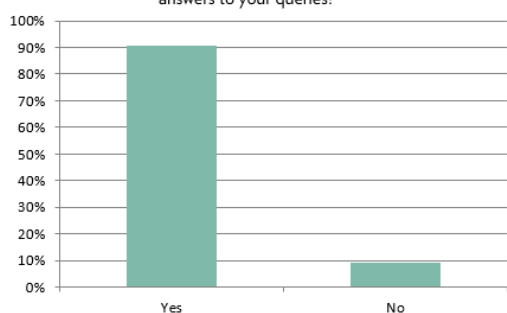
Keith Barber continued. “All lenders are seeing unprecedented demand owing to the Stamp Duty holiday, something we have continually called for; however, this is no excuse for poor service to borrowers.

“Buying a property is already stressful. While some lenders have undoubtedly stepped up to the mark, our survey shows that delay, long call waiting times or intrusive questioning simply piles on more pressure on those worrying if they will ever get the right mortgage and buy their dream home.”

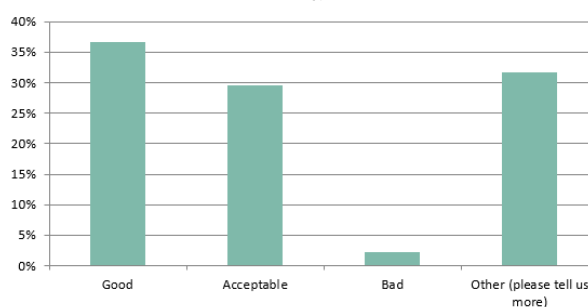
Notes to editors

- The survey was held between 1 – 17 September.
- 139 intermediaries took part.
- Verbatim broker comments (many more available on request):
 - *specific criteria is often not available and then you have to speak with either BDM (rarely answer calls first time) or mortgage help desk (20-30 min wait)*
 - *You can only find out certain answers to certain questions by ringing lenders*
 - *Any query outside of very basic information generally meant having to call the lender or engage in ‘web-chat’. With many customer service staff and BDM’s working remotely, it often took hours if not days (sometimes weeks) to obtain definitive answers allowing a case to progress. Promises by Lenders to respond to messages and emails were ignored. Fully completed cases, with all supporting documentation and valuation, have still not been processed after a month!*
 - *Expect to be asked about the effect of Covid on people’s jobs and income however it has felt with some lenders that they are trying to find a way to say no and will keep asking more and more questions*
- Intermediaries were also asked about their experience of Family Building Society:

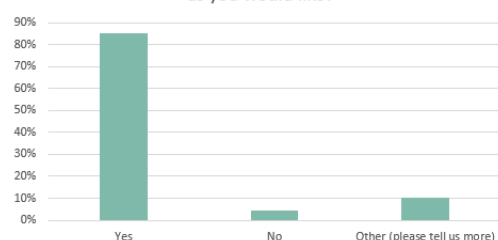
In general, have you found that FBS’s intermediary website (intermediaries.familybuildingsociety.co.uk) can provide the answers to your queries?



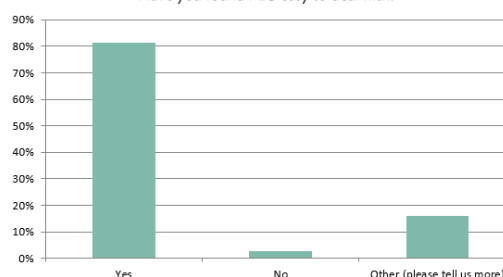
How have you found the processing times for new applications with FBS?



Has the communication with and from FBS been as you would like?



Have you found FBS easy to deal with?



For further information, contact:

Keith Barber, Business Development Director, Family Building Society

Tel: 01372 845400 and 07415 120483

Allan Noel-Baker, City Road Communications Ltd

Tel: 0207 248 8010 and 07947 186693

About Family Building Society

The Family Building Society, launched in July 2014, is a trading name of National Counties Building Society.

1. National Counties Building Society is the UK's eleventh largest building society, with over 50,000 members and £2.2bn of assets. Operating from its head office in Epsom, Surrey, the Society employs approximately 150 people and offers a range of competitive savings and mortgage products throughout the UK.
2. National Counties Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
3. Eligible deposits with Family Building Society are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme.
4. The Family Mortgage allows family members provide security for the first time buyer's mortgage in three ways:
 - a. By depositing savings in our Family Security Account which earns interest, currently 0.5% on balances £5000+.
 - b. The family member can provide a charge over some of the value in their own property.
 - c. Money from a family member can be placed in our Family Offset Account at the start of the mortgage. In doing this, they reduce the amount of the mortgage on which interest is charged by the amount held in that account. Interest is not earned on the amount saved in the Family Offset account.
 - d. Six months unemployment cover is provided to the first time buyer, from mortgage completion, subject to terms and conditions
 - e. Full details of the Family Mortgage are available here: www.familybuildingsociety.co.uk/family-mortgage