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Furlough friendly mortgage searches continue to fall but borrowers still need specialist options

* Furlough friendly mortgage searches fell by a fifth (18%) on Legal & General Mortgage Club’s SmartrCriteria platform in July, but advisers have continued exploring criteria for borrowers with non-standard income
* There was a 17% increase in demand for mortgages suitable for fixed-term contract workers while searches on behalf of borrowers with bankruptcy jumped by a quarter (24%)
* Adviser demand for Help to Buy criteria also rose by 41%

Data from Legal & General Mortgage Club’s SmartrCriteria tool found that searches for furlough friendly mortgage criteria continued to fall month on month between June and July, following a -18% drop. However, the latest findings also indicate that while the numbers needing furlough friendly mortgages is falling, many borrowers continue to need mortgage options suitable for those will irregular incomes and repayment blemishes.

Demand for lenders willing to consider borrowers with satisfied repayment defaults remained in the top three most sought after criteria points, with searches for unsecured arrears and unsatisfied defaults also appearing in the top 15 most sought after terms. Demand for criteria relating to satisfied CCJs also remained broadly consistent, month-on-month, by volume while searches for borrowers with bankruptcy jumped by quarter (24%). This was alongside a 10% jump in criteria for borrowers with ongoing payday loan agreements.

**Employment trends**

While a clear trend for advisers needing lenders suitable for borrowers with credit impairments appears to be emerging, Legal & General Mortgage Club’s latest data also found an increase in searches on behalf of borrowers with contract or irregular income. Criteria for borrowers employed via a fixed-term contract increased by 17% in July and general contract worker criteria requests also rose by 14%. Foreign income searches also jumped by 20%.

Other key findings:

* Legal & General Mortgage Club’s SmartrCriteria tool also recorded a 41% increase in demand for Help to Buy criteria and searches for shared ownership products also appeared in the top 20 most searched terms.
* Visa-friendly mortgage criteria remained the most requested term by advisers in July. This was in conjunction with a 20% increase in requests for borrowers with foreign income.
* Following an increase in demand for capital raising mortgages in May, July also saw searches for these products increase by 9%, the 4th most searched for criteria.

**“Despite the easing in restrictions enabling many of us to enjoy a return to more day-to-day activities, for others, the negative financial impacts of the pandemic continue to rage on. Our latest data shows that there is still a significant portion of those seeking a mortgage who have financial complications, such as missed payments, or credit impairments.**

**“Amidst this backdrop of complex borrower needs, the role of advisers in helping clients to access competitive lending options has become ever important and for homeowners across the UK, the need for guidance and support when it comes time to find a new mortgage is clear. However, to tackle these more complex cases efficiently, advisers also need to embrace technology, which can help streamline search results and automate process such as affordability calculations. With the purchase market expected to normalise over the coming weeks and in the wake of the end of the Stamp Duty holiday, now is the time to explore the tech options and how they can benefit their business.”**

**Clare Beardmore, Head of Mortgage Transformation and Operations, Legal & General Mortgage Club**

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Notes to editors

**About Legal & General**

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor. With almost £1.3 trillion in total assets under management at 31 December 2020, we are the market leader in the UK for workplace pensions, pension risk transfer and individual life insurance products. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

*\* at 31 December 2020*

About Legal & General Mortgage Club

Legal & General Mortgage Club is one of the UK’s largest and longest-running mortgage clubs, completing £667bn of mortgages since 1995. We are involved in nearly one in five of all mortgages in the UK, in addition to nearly one in three of all intermediated mortgages. The Mortgage Club prides itself on adding value to the adviser community by working closely with new and existing lenders to deliver great products, pricing and criteria. Our popular SmartrFit tool, which is free to advisers, combines an affordability calculator with lender criteria to provide accurate, quick results, to help make advisers jobs easier so they can spend time where it matters.

<https://www.legalandgeneral.com/adviser/mortgage-club/>

Further information [journalists only]

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