

## Legal & General Ignite: Spike in demand for Interest Only products following Mortgage Charter announcement

- Searches for Interest Only mortgages jumped by 11% from June to July
  - Interest in 'non-traditional construction' up by 9%
  - 'Visa' remains most popular criteria used by advisers

**London, 23<sup>rd</sup> August 2023** – Data from [Legal & General Ignite](#), the free mortgage research and sourcing platform, has today revealed a notable spike in searches for Interest Only mortgages, following the announcement of the Mortgage Charter in late June. Despite a slight dip in activity – typical of the summer period – July search data confirms that mortgage market demand remains broadly robust.

### **Searches for Interest Only mortgages up 11%**

Searches for 'Interest Only' mortgage products jumped by 11% from June to July, following a 53% increase from May to June. This spike coincides with the announcement of the [Mortgage Charter](#) by the Chancellor of the Exchequer, Jeremy Hunt, on Monday 26<sup>th</sup> June to support borrowers struggling to meet mortgage repayments.

Under the new Mortgage Charter, borrowers can contact their lender to discuss alternative options without it affecting their credit score, switch rates up to six months ahead of their current rate expiring and opt to only pay the interest due for a six-month period.

### **Borrowers looking to non-standard construction and energy-efficient homes**

Additionally, searches for non-traditional construction properties grew by 9% in July. Meanwhile, searches for mortgage products that consider a property's EPC ratings soared by 38% (following a 15% rise in June). This growing interest could be an indication of the increasing influence of the green agenda, as well as the heightened focus on household bills amidst the ongoing cost-of-living crisis. Searches on behalf of borrowers seeking the lowest minimum loan amount also leapt by 35%, with some seeking cheaper 'first-stepper' properties due to rising interest rates.

### **UK remains top destination for international property investors**

Additionally, the July data confirms 'visa' as the most popular criteria used by advisers searching on behalf of clients. This has held the top spot since October. Searches on behalf of borrowers with a visa softened marginally by 3.89% in July, following a 15% drop in June and considerable 28% uptick in May. Elsewhere, searches from expats not in the UK also dropped by 9% in July.

Overall, the number of mortgage searches completed by Legal & General Ignite users did fall marginally from June to July, a natural result of the summer season. This included searches for Joint Borrower Sole Proprietor and Self-Build mortgages dipping by 3% and 4% respectively.



**Jodie White, Head of Mortgage Products & Transformation, Legal & General Technology commented:**

“The uptick in searches for Interest Only mortgages certainly characterised July and can be linked to the announcement of the Mortgage Charter the month prior. Borrowers are leaning on this support as the market continues to grapple with the new interest rate environment and wider cost-of-living pressure. We have since seen swap rates and interest rates stabilise, providing hope for more positive August and September figures. With many of us returning from a well-deserved summer break, it is an opportune time for advisers to reassess the technology at their disposal to help line up a successful final quarter.”

**-ENDS-**

### **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 over £1.2 trillion in total assets under management\* of which a third is international. We also provide powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

\*at 31 Dec 2022

#### **About Legal & General Retail**

Legal & General Retail helps create brighter financial futures for all our customers. The division covers the savings, protection and retirement needs of our c.13 million retail policyholders and workplace members.

In 2022, we had total individual annuity sales of £954 million, and issued £632 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.9 million members, while our Protection businesses gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums.

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

#### **Further information [journalists only]**

**Patrick Davies – Account Director**

[LGMS@rostrum.agency](mailto:LGMS@rostrum.agency)