

Adviser mortgage search activity in May presents first signs of normalising market

- Legal & General's SmartrCriteria tool recorded a -32% fall in furlough friendly mortgage searches
- Searches on behalf of homeowners that want to remortgage after less than six months jumped by two fifths (40%)
 - There was a 26% increase in searches for capital raising mortgages

After several months where advisers' mortgage search activity has been dominated by a need to find suitable products for borrowers with financial complications, there are signs that the market is beginning to normalise, according to the latest findings from Legal & General Mortgage Club's SmartrCriteria tool.

Between April and May, searches for furlough friendly mortgages fell by 32%. This is the second consecutive monthly drop, after a 40% reduction between March and April. The volumes of searches for mortgages suitable for borrowers with unsatisfied defaults also continued to reduce (-2%) and demand for mortgages for borrowers with unsecured arrears remained stable, month-on-month.

Overall search activity has also continued to return to more normal levels, having fallen 20% in May from its March peak.

Rapid remortgaging

Alongside signs that demand for mortgages designed for complex borrowers has begun to reduce, Legal & General Mortgage Club's SmartrCriteria tool also tracked a growing trend for rapid remortgaging. Searches on behalf of homeowners that wanted to remortgage after less than six months jumped by two fifths (40%).

Mortgage lenders typically need to understand why a property may have changed hands or needed to be remortgaged in such a short time period to prevent money laundering for example. It is unclear what is driving this but the current strong house price inflation may be leading to some people that have purchased recently to cash in on the property price increases seen in recent months by selling soon after their purchase. Others could be leveraging the added equity in their homes to access the more affordable interest rates available at lower loan-to-value bandings.

Other key findings:

- In the wake of record house price growth, SmartrCriteria also recorded a significant increase in searches for capital raising mortgages. Demand for these products jumped 26% between April and May.
- Searches for visa-friendly mortgages remained atop of adviser activity by volume, suggesting interest in UK property from overseas buyers remains strong
- Mortgages suited to borrowers with satisfied defaults remained in the top three most sought after criteria in a sign that the mass use of mortgage payment deferrals is having a lasting impact of mortgage purchase trends

“The mortgage market has been on a rollercoaster ride in recent months with demand reaching unprecedented levels between January and March. However, we are now seeing the early signs that things may be returning to ‘normal’ with search activity more closely resembling pre-pandemic conditions.

“Of course, many are still likely to feel the financial consequences of the crisis for some time yet and the key for mortgage borrowers is to continue seeking independent mortgage advice when it comes time to find a new mortgage. Advisers, with the support of cutting-edge technology, have so far done an excellent

job finding the right options for homeowners across the country and we can expect this trend to continue with the many thousands needing to refinance before the end of the year.”

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

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Notes to editors

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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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