

# Thousands could be missing out on a better mortgage deal by not speaking to an adviser, research from Legal & General reveals

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- *Nearly a third (31%) of borrowers going direct to a lender didn't know how a mortgage adviser could help their mortgage search*
- *Borrowers who didn't seek independent advice were more likely to stick with their current lender too, potentially missing out on better deals in the market*

Thousands of borrowers could be missing out on a better deal by not speaking to a mortgage adviser when looking for a mortgage, research from Legal & General Mortgage Club has found. The survey of over 2,000 UK homeowners revealed that nearly a third (31%) of consumers who went direct to a lender didn't understand how a mortgage adviser could help with their search.

The findings also showed that more than two-thirds (69%) of borrowers who went straight to a lender hadn't remortgaged in the last five years and nearly three-quarters (74%) stayed put because they felt they had 'a good deal'. However, without seeking mortgage advice, these individuals would have missed out on the thousands of extra mortgages deals that are only available through a mortgage adviser.

Legal & General Mortgage Club plans to use the research to tackle the misperceptions about mortgage advisers and raise awareness about how they can help borrowers to find the right mortgage for their needs. The analysis showed that the mortgage industry still needs to demonstrate the value of mortgage advice for borrowers – just 30% of those who went direct to the lender said that they would likely speak to a mortgage adviser next time. Three in every five (60%) who didn't seek advice when they took out their last mortgage didn't know mortgage advisers were there to help the borrower, and just over a third (34%) thought a mortgage adviser was there to support the lender.

Borrowers going through a mortgage adviser have access to thousands more mortgages than those going direct to the lender, including specialist mortgages for the self-employed and later life lending solutions such as lifetime mortgages. Data from mortgage sourcing platform Twenty7Tec shows that almost 12,000 mortgages are available through mortgage advisers, compared to just over 2,000 directly on offer from lenders to consumers.<sup>1</sup>

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<sup>1</sup> Based on data from Twenty7Tec 15.04.19

Homeowners who benefitted from a mortgage adviser searching the market for the best mortgage deal were more likely to have switched in the last five years (29%), compared to just one in five (19%) of those who went direct. These borrowers would have benefitted from opportunities to pay less interest as rates on mortgages fell, with the average rate on a 2-year fixed term mortgage falling from 2.6% in June 2014 to 1.48% in June 2017.<sup>2</sup>

Borrowers who used a mortgage adviser were also overwhelmingly in favour of doing so again. Nearly all (98%) said that they found the support of a mortgage adviser 'valuable' and a further 95% said they would recommend using a mortgage adviser to family or friends.

**Kevin Roberts, Director, Legal & General Mortgage Club comments:**

"Whether someone is taking out their very first mortgage or unlocking housing wealth in retirement, the value that mortgage advisers can bring to borrowers can make a huge difference when it comes to moving onto and up the property ladder. Yet, our research shows that potentially thousands of borrowers still don't know how a mortgage adviser can help with their mortgage search and as a result they could be missing out on a better deal.

"The figures speak for themselves. Those who used a mortgage adviser when they took out their last mortgage would overwhelmingly recommend their family and friends to seek independent, professional advice. They're also more likely to switch their mortgage product and when they do borrowers can have access to nearly six times the number of products available than if they went direct. Buying a home is the biggest purchase an individual will make in their lifetime, so it's vital for buyers to speak to a mortgage adviser who can help them to understand their borrowing needs and find the right mortgage."

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**FURTHER INFORMATION (JOURNALISTS ONLY)**

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<sup>2</sup> <https://www.statista.com/statistics/386301/uk-average-mortgage-interest-rates/>

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