



Growing need for remortgage advice

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Every day we hear reports of lenders going out of business and products being pulled, so many advisers are seeking clients with whom they can write immediate business.

Worried borrowers are looking for advice in record numbers and January is always a popular time to seek mortgage advice as the new year inspires people to move house or get their finances sorted.

But so far this year we have seen a 35% increase in consumers turning to the internet to look for mortgage advisers. Of those, 45% are after a remortgage.

The profile of the latter category is 67% male and 33% female, knocking on the head the idea that it is always women who sort out the family finances. The

average age is 40 years and seven months, and they are asking for an average LTV of just 53%.

But some brokers are put off by the fact that many people coming through as leads are just anxious and want advice early. This means they do not necessarily represent instant business.

This has pushed lead prices down to a historic low, with the average remortgage lead now around £12. For advisers thinking short-term, life assurance leads might be a better option but for those thinking long-term, borrowers looking for advice now could represent income at Easter.

Research from the Association of Mortgage Intermediaries shows the average amount saved by borrowers using brokers is £962, so they need you more than ever.



Get in touch with non-smoking clients

IAIN MALLON
DIRECTOR OF PROTECTION MARKETING
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Industry research shows that 11% of consumers choose to give up smoking as their new year resolution.

This has always been high on the list of resolutions in terms of health benefits and saving money. And advisers' clients who stick to their resolutions could find their protection premiums coming down.

Take customers who are now former smokers and who resolved at the start of 2008 to give up smoking. They will now have 12 months of not smoking under their belt which classifies them as non-smokers in terms of protection applications.

If they've kicked the habit, you could cut the cost of their premium for life or critical illness cover by around half by putting them onto a new policy.

The other issue is the cost of protection. The NHS Smokefree website reveals that an average smoker, getting through 20 cigarettes a day and paying £5 per pack, spends £1,825 a year on their habit. This would more than pay for full protection cover.

For example, a combination of life or earlier critical illness cover for £100,000 plus income protection for £1,500 a month could cost around £85 for a non-smoking 45 year old man.

If a client smoked when you last saw them and has since given up, cover that was unattainable before might now be an option.

So this is a great time to contact clients who were smokers when they took out protection on their mortgages to see if they might benefit from a new policy.



Thrift is in vogue so start cashing in

EDDIE GOLDSMITH
SENIOR PARTNER
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I am not planning to follow business minister Baroness Vadera and make inappropriate comments about being able to see green shoots of economic recovery but not all news is necessarily bad at the moment, even in the financial services sector.

One good news story is the fall in the base rate to its lowest level for 300 years, which has reduced the cost of home ownership for thousands of borrowers.

Similarly, a cut in the cost of oil has driven down the price of petrol, while competition in the high street has led to amazing bargains.

Not everyone is rejoicing at these developments, particularly those who have lost their jobs, but there is no denying that the recession has changed the mood of the nation and thrift is in vogue.

Consumers are realising there are savings to be made, many of which will have no effect on their lifestyle, such as switching to cheaper energy suppliers.

Brokers should not ignore this mood swing and be mindful of every opportunity to help clients save money. So I find it interesting that many continue to refer clients to local law firms because that's what they have always done, despite the fact that some charge higher fees than specialist conveyancing firms.

What's more, specialists are often able to offer guaranteed turnaround times and service standards not available elsewhere.

Everyone is looking for a good deal and the ethos of wanting to bag a bargain is just as relevant to legal fees as it is to mortgages, petrol and food.



Protection is good value at the moment

MARK JONES
HEAD OF PROTECTION
FRIENDS PROVIDENT

Recent research shows the cost of life cover has more than halved in the past decade.

Prices are lower than they have ever been and with this downward spiral being unsustainable in the longer term, now is a good time for advisers to promote protection and counter the affordability objection.

And with interest rates at an all-time low, many clients on repayment and tracker mortgages will be enjoying extra income.

These clients should be revisited as they may now be able to afford protection products they could not when

they took out their mortgages.

Although many consumers are tightening their belts and reluctant to part with their money, they should be easily persuaded when reminded of the importance of financial protection in the current climate.

Their confidence in a future built on easy access to credit, high employment and rising house prices has been knocked and they are now more likely to be thinking about the consequences of unemployment, illness and death than in the past. They should be receptive.

With term assurance at its cheapest for 10 years it is no longer a question of affordability but one of priorities. It is up to advisers and providers to educate consumers to ensure protection is top of their list.

