



Ban on 100% deals is ridiculous idea

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Oh dear, Labour's latest hair-brained solution to save us from ourselves appears to be outlawing the 100% LTV mortgage for good. And, apparently, Gordon Brown's asked the Financial Services Authority to come up with how to do it.

As they rotate the brain cell they share between them, let's hope that when the music stops it's reached someone who understands the system.

I know that we're up to our necks in guano with lenders applying the same techniques seen at horse-racing events, with the display of odds and bets on tote boards, to mortgage affordability.

But permanently banning 100% mortgages isn't the solution. Not only will it fail to stop idiocy, it will

also penalise the sensible and innocent and harm consumers.

The 100% mortgage isn't the problem. There are thousands of home owners who wouldn't be on the property ladder at all if it weren't for such loans. And of these, a huge proportion have never missed a mortgage payment.

It's not the product that's the problem, it's the imbeciles who administer it.

But its typical of our government to, again, blunder into an area it knows nothing about, thrash about like a drowning man clutching at straws and then come up with the wrong solution.

Has the Home Information Packs fiasco taught it nothing? Don't throw the baby out with the bathwater Brown – just pat it dry and talcum it a bit.



Retrain in comfort of your own home

MARK JONES
HEAD OF PROTECTION
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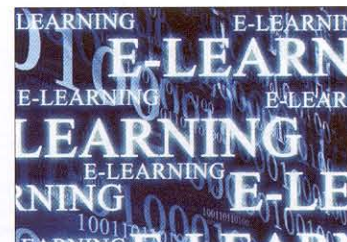
If I told you about something that has the potential to boost your business, but won't cost you anything, would you be interested?

I'm talking about online seminars, which give you the chance to learn new selling techniques and brush up on product knowledge without leaving the comfort of your home or office.

With more providers running such events, you should be taking advantage of the quality training that's available. With the economy in recession and businesses looking to cut costs, online seminars offer you training for free.

I recently logged onto a seminar on the techniques used to sell protection, which was interesting considering the climate we are in.

With mortgage lending at a



34-year low, there are limited opportunities to sell protection off the back of new home loans. And with many fixed rate mortgage deals coming to an end, your clients might be looking to remortgage, giving you an ideal opportunity to promote the benefits of protection.

So have a look at these online seminars and you could learn new selling techniques that generate extra commission, all from the comfort of your chair.



Product design is rarely the problem

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The national press seems to be predicting that the Prime Minister is about to instruct the Financial Services Authority to ban 100% LTV lending. The idea is meant to symbolise a new era of responsible lending.

But I have serious concerns whether a blanket ban will achieve this. The thought that better lending is produced when someone has a stake in a specific property is too simplistic.

As an expert witness and non-executive director of a mortgage-audit company, I review hundreds of mortgage lending decisions and it is not usually the product design that is the problem.

The major issue is normally poor underwriting, inappropriate sales or both.

I believe the FSA's time would be better spent ensuring that lenders' decision-making procedures, staff control and training are sound, rather than stifling product design.

Looking back in our past product library to the types of products lenders offered as we came out of cycle last time round, in the mid-to late 1990s, there was a wide variety of negative-equity lending solutions.

The paradox for government is that a ban on 100% LTV loans may delay the turnaround in the housing market.



Savvy brokers will leap into IFA-land

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MANAGING DIRECTOR
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There has been much talk of mortgage advisers diversifying to stay in business and there is evidence of forward-thinking brokers doing just that, resulting in Premier Mortgage Service changing its name to PMS last month to accommodate protection and savings products.

This shift reminds me of the start of the credit crunch when mortgage brokers who only dealt with prime mortgages thought their livelihoods would be fine because the problems, at that time, only affected those in the adverse sector.

They then saw their market share disappearing as adverse-only brokers moved into the prime sector.

The same looks likely to happen in the IFA market as mortgage

advisers become multi-skilled and expand into territory that was formerly only inhabited by IFAs.

In some ways, former mortgage-only advisers have an advantage as the cold calling ban forced them to look to less traditional sources for new clients.

For example, lead generation is much less known in the IFA market, but with more consumers asking for advice on life assurance, critical illness, ASU and income protection, savvy mortgage advisers could quickly be making leaps and bounds into IFA territory.

Shrewd advisers know this doesn't happen purely by single product sales, but that leads are an introduction to clients with whom business may be done in many areas, thus removing the need for them to go to other advisers for their non-mortgage needs.