

## INDUSTRY INSIGHTS

# A year in review and what's to come

*What a year it's been – who would have guessed? It's hard to believe that here in the UK we were still Covid-19 free this time last year. It wasn't until 2020 was well underway that the enormity of this disease really hit. Little did we know what was to come on a personal or an economic level.*

*Despite the huge hardship endured by many, some positive outcomes have been created and I believe it's important to reflect on them. In the mortgage world I've seen numerous examples of human resilience, operational excellence and the application of technology keeping the property market buoyant however bleak the outlook has appeared.*

*For mortgage advisers and lenders I think there are a number of key areas to be particularly aware of as we enter 2021 and a post pandemic era. Here are some pointers to add to your own list.*

## FURLOUGH SCHEME

Furlough was a word unfamiliar to many before this year but is now part of everyday language. As the scheme gets extended, so does the need for lenders to scrutinize mortgage applications in ever increasing detail as we assess affordability for those affected and applying for a mortgage.

The full impact of the furlough scheme is yet to be seen with more redundancies likely to come in Q1-2 next year.

New applications coming to Harpenden from consumers who have been furloughed (industry dependent) will continue to be manually assessed avoiding the black and white decision making of an algorithm adopted by many high street lenders. We will continue to personally look into an applicant's full financial profile, however complex their income stream may be. With increased scrutiny we can at times say 'yes' when digital financial profiling used alone, may say 'no'.

## MORTGAGE DEFERRALS

With further months of 'Mortgage Holidays' to come and the complexities this represents for the lender, we will continue to do all we can to support our customers who have selected this help. Despite the burden this puts on us and the lender community in general, we continue to be there for our customers in the good times and the bad and follow the FCA's guidance to the letter.

Customer care at this level will only enhance the reputation of the mortgage industry and benefit us all.

## STAMP DUTY LAND TAX RELIEF

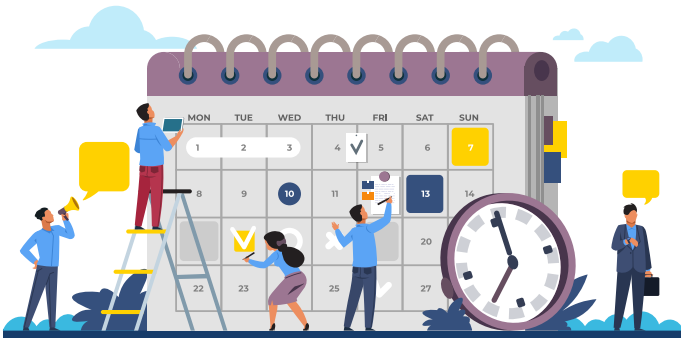
Lenders are seeing a bottleneck of applications as brokers and their customer's race towards the 31st March deadline to get their mortgage applications over the line (Date correct at the time of writing).

Will the Government extend the period of tax relief or not? It's difficult to call, so mortgage brokers and lenders should prepare for both eventualities.

In the short term I believe mortgage applications will maintain at the present high levels, and possibly increase creating even more logistical challenges to operational teams fulfilling these applications.

## BUSINESS VOLUMES

As volumes of business continue to grow over, and above, normal trading conditions, lenders in general are working hard to maintain normal SLA's – remote working has meant work has to be re-purposed for the staff based at home and whilst systems have been amended, productivity is difficult for some to monitor and control. My advice is to get your mortgage applications submitted as quickly and as complete as possible. The pandemic has shown all of us in the industry the importance of realising a digital ambition to aid remote working, adaptability and flexibility for ongoing success.



## NEW TRENDS

As the Harpenden team has reported during the year we've seen some significant trends with regard to product popularity and the increasing use of specialist lenders like ourselves.

Mortgage applications relating to self-build projects; holiday lets (with the rise of the UK staycations); and major residential extensions (facilitating home working) have all seen significant growth – trends that look likely to continue in 2021.

Customer income continues to become more complex as employment during the pandemic has become more diverse and 'non-conventional'. As a specialist lender manually assessing every mortgage application, we are set up to service this type of customer – we want to create a positive outcome for any strong application, however diverse!

New types of property have burst on to the scene during 2020. Empty shop units are one such example and have become an everyday sight as the public has had to rely on online shopping and stores on the high street have been forced to close.

Some of these sites look destined to become residential dwellings and a new mortgage opportunity for us all.

## VACCINE

Of course a proper return to 'normal' life hinges on the development of a viable vaccine, and then production and distribution to the masses. Whilst there has been positive news of great work in this field, how quickly can this full immunisation roll out happen? We should all have operational contingencies in place to ensure we can serve our customers well even with the great recent news of a vaccine being approved and a roll out beginning.

## THE FUTURE

These are just some thoughts to add to your own observations as we prepare for 2021. As a specialist mortgage lender we want to be seen as a supportive, helpful financing partner for mortgage intermediaries and your customers - now and long into the future. Even during the most challenging trading environments of late we continue to remain flexible, responsive, and like many in the industry, playing our part in keeping the property market buoyant.

2021 will be a year of opportunity for all of us serving the mortgage industry. The future may be uncertain but, for those showing business resilience in these tough times - will not only survive, but thrive.



*Craig Middleton*

Craig Middleton, Mortgage Sales & Distribution Manager,  
Harpenden Building Society



We individually assess and approach applications.



We offer a manual underwriting process, no credit score involved.



A flexible view on merits of all cases - we're very accommodating.



We provide clear, fair and transparent charges for all cases.



Many types of income are considered when assessing affordability.