

Mortgage Lender Benchmark H2 2018

Summary Version

Published: 3rd December 2018



Foreword

As mortgage intermediaries are now responsible for over 70% of mortgage completions, they play a vital role in the distribution strategies of most lenders.

The role of the Mortgage Lender Benchmark H2 2018 is to better explain what's working well and what isn't across the intermediary mortgage market and to highlight which lenders are performing best for intermediaries, and which really need to up their game.

I'm of course proud that this study is the largest independent benchmark carried out in 2018 with 391 intermediaries leaving 1,173 pieces of feedback across 79 lenders. This data underpins a truly comprehensive look at how lenders are performing in the eyes of their intermediaries.

This study is of course simply a point in time reflection of how intermediaries perceive the products and service they're receiving from the lenders they do business with.

Ask the same set of questions a few months down the line, and the results may well be very different, which is why we'll repeat the Mortgage Lender Benchmark in six month intervals going forward.

Smart Money People has been collecting consumer and intermediary feedback across financial services for a number of years now. With over one hundred thousand pieces of feedback captured, we've become the largest review and research platform focused solely on financial services.

Our overarching aim is to help lenders enhance their intermediary propositions and gain a competitive advantage. I believe this report will prove useful to many lenders and wider stakeholders. In particular, our individual SWOT analysis of 32 UK lenders which are available in our full report, provides unique insight into lenders responsible for 91% of all mortgage lending in 2017.



Michael Fotis

Founder of Smart Money People



Contents

- 4 Executive summary
- 6 Lender league tables
- 9 What matters most to intermediaries?
- 13 What's behind an intermediaries decision to recommend a lender?
- 16 Conclusion
- 17 Methodology
- 19 Contact details

Executive summary

Introduction

The Mortgage Lender Benchmark H2 2018 analyses what's going well, and what isn't, when it comes to intermediary satisfaction with mortgage providers.

This analysis comes in two parts:

- **Market intelligence** and our lender **league tables**
- Individual **SWOT analysis** (strengths, weaknesses, opportunities and threats) of 32 UK lenders, a unique preview inside these lenders that will be of interest to a wide range of stakeholders

Our aim is to provide lenders with actionable insight that can help them deliver better intermediary propositions. This will in turn help make the mortgage application journey better for consumers, which is the heart of why Smart Money People exists.

Findings: Market insight

1. While **intermediaries are on the whole satisfied**, lender performance varies drastically
2. In the intermediary mortgage market being recommended matters, but **being a highly rated lender isn't enough to be actively recommended** by intermediaries
3. A lot of intermediary feedback focuses on speed to completion, online portals, customer service, criteria and underwriting, but **lenders can not afford to gloss over clarity of criteria and flexibility (real or perceived) in particular**. Tackling these two themes will deliver some quick wins for many lenders
4. **Specialist lenders deliver the goods when it comes to product & lending** - with their flexibility and product range clearly delighting intermediaries, but process improvements are badly required for a number of these lenders
5. **Building Societies on the whole performed well**, with this sector scoring the highest overall satisfaction among intermediaries. No mean feat give the focus across both intermediary and branch channels
6. Process is clearly where the rubber hits the road for most intermediaries, and **lifetime lenders are furthest behind the curve**. With more firms likely to develop lifetime lending propositions, including many building societies, the next few years could be pretty rocky if greater attention isn't paid to underlying issues in this sector
7. Online portals are commented on a lot. A shiny new portal may act as the cherry on the cake, but it's only worth investing in one if it delivers **wider product & lending and process improvements**
8. The intermediaries of one network rated their **satisfaction with the lenders they deal with at just 76%**
9. A few lenders may be using **higher than average proc fees to buy themselves out of trouble**

"They can be a little strict on some criteria which doesn't always seem to make sense."

"They don't make their criteria clear on the website which makes it a pain to place cases with them."

Selected intermediary verbatim

Executive summary

Findings: Lender insight

1. **Virgin Money** is the UK's highest rated large bank
2. **Coventry Building Society** is the UK's highest rated building society
3. **more 2 life** is the UK's highest rated lifetime lender
4. No specialist lender received a 75% rating or above across the themes examined
5. **Two banks achieved a 90%+ rating when it comes to speed to completion**
6. One lender with an **overall rating above 80% also has an NPS of -30**
7. The UK's **highest rated large lender can only muster 8th spot** when it comes to ease of determining max. loan amount
8. While large high street banks are under pressure from newer consumer propositions like Monzo and Starling Bank, when it comes to mortgage lending, **high street lenders are among the top performers**, all be it with a couple of notable exceptions

Intermediary satisfaction with lenders: H2 2018

82%	Overall satisfaction rating
+30	Av. Net Promotor Score (NPS)
84%	Ease of determining max. loan amount
76%	Speed to process applications through to offer
82%	Ease of determining product eligibility
78%	Satisfaction with relationship managers
79%	Lender communication

About the Mortgage Lender Benchmark

As part of this study, 391 intermediaries shared feedback on the last three lenders they've dealt with, meaning that 1,173 pieces of feedback form the basis of this report.

This feedback included the following:

- Overall satisfaction rating
- Net Promotor Score (NPS)
- Free text around what intermediaries like about lenders and what could be better
- Ease of determining max. loan amount rating
- Speed to process applications through to offer rating
- Ease of determining product eligibility rating
- Satisfaction with relationship managers rating
- Lender communication rating

A full version of the report is available to purchase. This includes:

- Full league table data
- 32 pages of lender SWOT analysis (covering 32 lenders)
- Network/club satisfaction data
- Proc fees analysis
- Option to receive the raw data (anonymised)
- Option to schedule a face to face report briefing

> 20 intermediary responses

[illegible]

Lenders included in this table are:

Accord, Aviva, Barclays,
BM Solutions,
Clydesdale Bank,
Coventry Building
Society, Halifax, HSBC
UK, Leeds Building
Society, Legal &
General, Metro Bank,
more 2 life, Nationwide
Building Society,
NatWest, Platform,
Santander, TSB & Virgin
Money

Please note, the above list is in alphabetical order, while the adjacent table is in order of highest to lowest ranked.

Key Highest rated Lowest rated

10 - 19 intermediary responses

	Overall Rating %	Ease of determining max. loan amount (%)	Ease of determining product eligibility (%)	Speed to process applications through to offer (%)	Relationship Managers (%)	Communication (%)
Lenders included in this table are:						
Aldermore, Bank of Ireland, Canada Life,						
Digital Mortgages,						
Family Building Society,						
JUST, Kensington, Kent						
Reliance, LV=, Precise						
Mortgages, Scottish						
Widows, Skipton						
Building Society, The						
Mortgage Lender & The						
Mortgage Works						
Please note, the above						
list is in alphabetical						
order, while the						
adjacent table is in						
order of highest to						
lowest ranked.						

5 - 9 intermediary responses

Lenders included in this table are:	1	2	3	4	5
Magellan, M&S Bank, Principality Building Society, Pure Retirement, Sainsbury's Bank, Tesco Bank, Together & Vida	1	2	3	4	5
Homeloans	6	7	8	9	10

Please note, the above list is in alphabetical order, while the adjacent table is in order of highest to lowest ranked.

Key Highest rated Lowest rated

Broker rated: H2 2018



Alongside this study, we're making available a number of 'broker rated' badges to help intermediaries identify top-rated firms across key areas, such as speed to offer.

No specialist lender has achieved a rating of 75% or more across each theme explored, and therefore 'Best Specialist Lender' will not be awarded in H2 2018.

Best Bank		
Best Building Society		
Best Specialist Lender	Not Awarded	
Best Lifetime Mortgage Provider		
Great for Relationship Management		
Great for Lending Criteria		
Great for Speed to Offer		
Great for Communication		
Great for Underwriting		

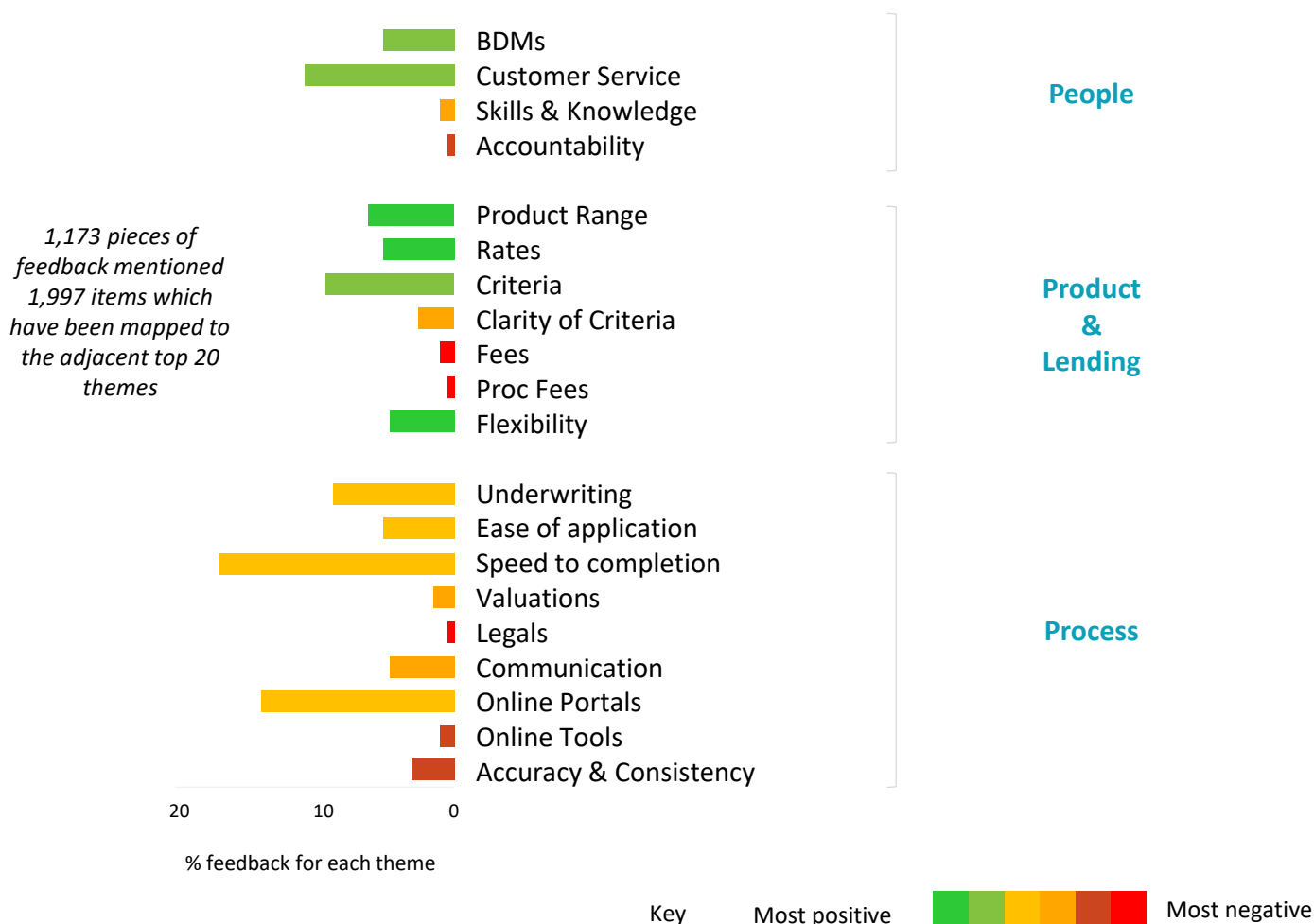
What matters most to intermediaries?

Speed to completion, online portals and customer service received the most feedback from intermediaries, but that doesn't necessarily make them the most important.

While a number of themes have less feedback volume, such as proc fees, accountability, valuations and accuracy and consistency, lenders cannot afford to ignore these themes as they generate the strongest negative feedback. The kind of feedback that turns a broker from mildly annoyed to vehemently unhappy.

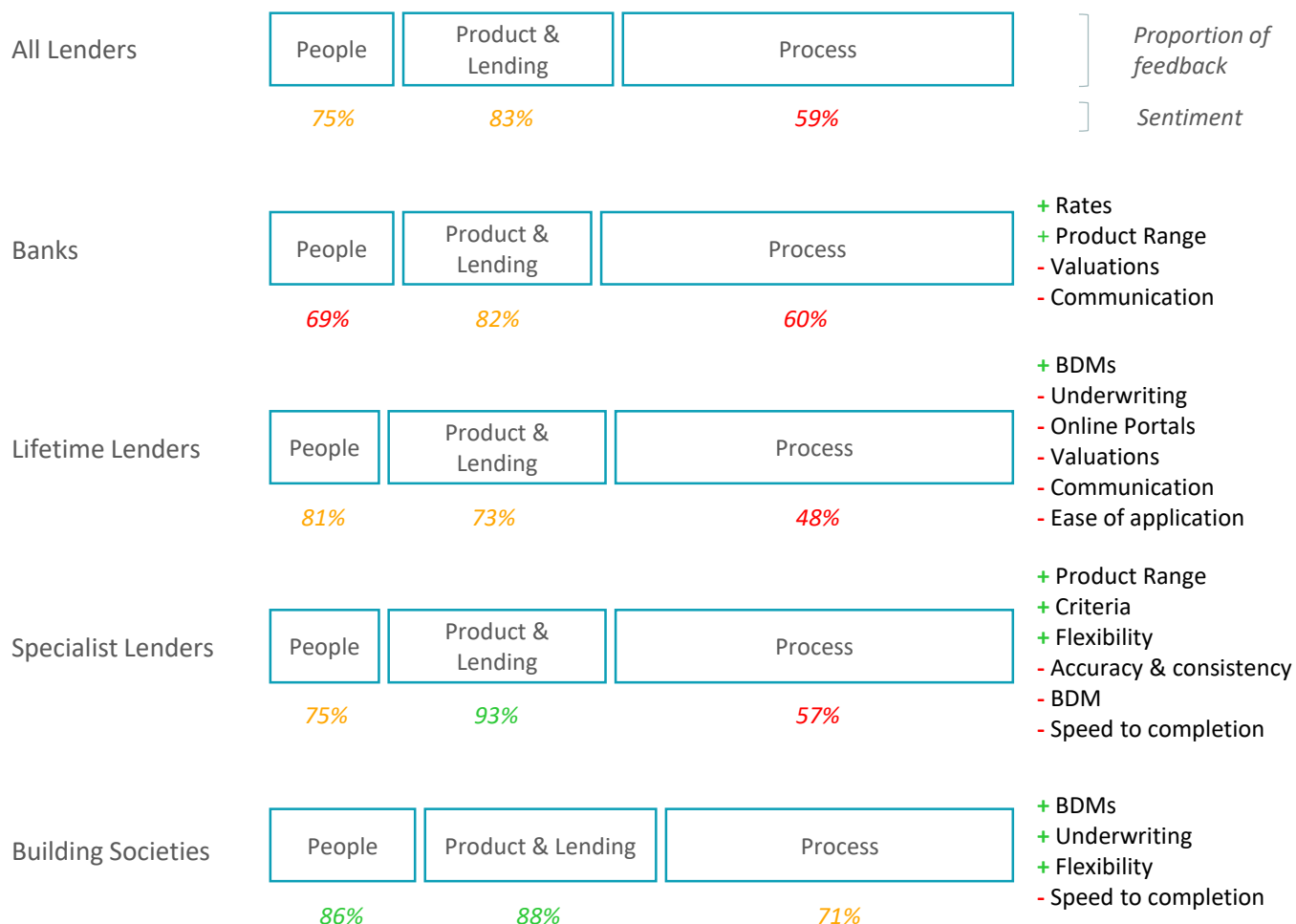
As part of this study, intermediaries were asked to tell us, in their own words, what they like about each lender and what could be better. This feedback has been analysed and mapped to twenty core themes. This theme structure provides a framework to help us better understand what really matters to intermediaries.

The themes and sentiment behind our intermediary feedback



How does feedback vary by lender type?

Lender type and feedback received



Process inspires the most negative feedback.

Lifetime lenders scored particularly poorly around process themes, with the majority of mentions around online portals (including the lack of one) being negative.

Valuations were also an important source of unhappy feedback for lifetime lenders at a significantly higher rate than observed across other lender types. And with more building societies expected to launch lifetime mortgage products, existing lifetime lenders could be squeezed over the next few years, if they don't begin to address these issues.

A competitive lending market has helped to drive high intermediary satisfaction rates across product and lending in particular, with specialist lenders leading the field in this respect.

Intermediaries are particularly happy with the flexibility, criteria and product range offered. With more focus on process improvements, specialist lenders will provide increasingly effective competition.

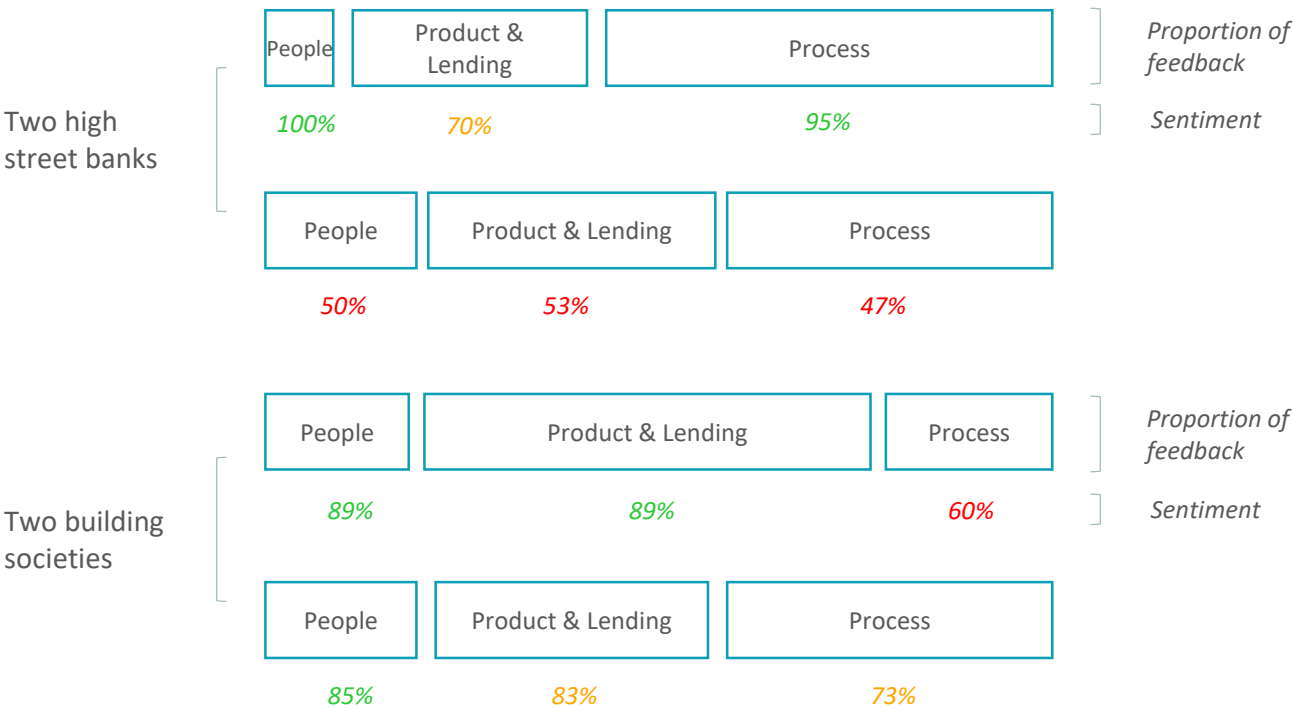
Accuracy and consistency is a theme that largely stimulates negative commentary, but building societies managed to buck this trend, with more positive mentions than negative around this theme.

The DNA of each lender can vary a lot too

While some lenders performed well and others performed poorly, this study has found that the themes intermediaries focus on most can vary significantly across lenders, even lenders involved in the same type of lending.

While some lenders have a fairly even distribution of feedback across people, product and lending and process, most have clear areas that generate the most feedback, be it positive or negative. These themes help us to better understand the DNA of each lender.

The feedback received for a selection of lenders



The above diagrams form part of our SWOT analysis of 32 lenders which are included in our full report.

The lenders included in our SWOT analysis are:

Accord Mortgages, Aldermore, Aviva, Bank of Ireland, Barclays, BM Solutions, Canada Life, Coventry Building Society, Clydesdale Bank, Digital Mortgages, Family Building Society, Halifax, JUST, Kensington, Kent Reliance, Leeds Building Society, Legal & General, LV=,

Metro Bank, more 2 life, Nationwide Building Society, NatWest, Platform, Precise Mortgages, Santander, Scottish Widows, Skipton Building Society, The Mortgage Lender, The Mortgage Works, TSB and Virgin Money.

A high overall rating doesn't guarantee a recommendation

While it's clear that many intermediaries are satisfied with the lenders they deal with, there's more at play when it comes to whether they're willing to recommend a lender or not.

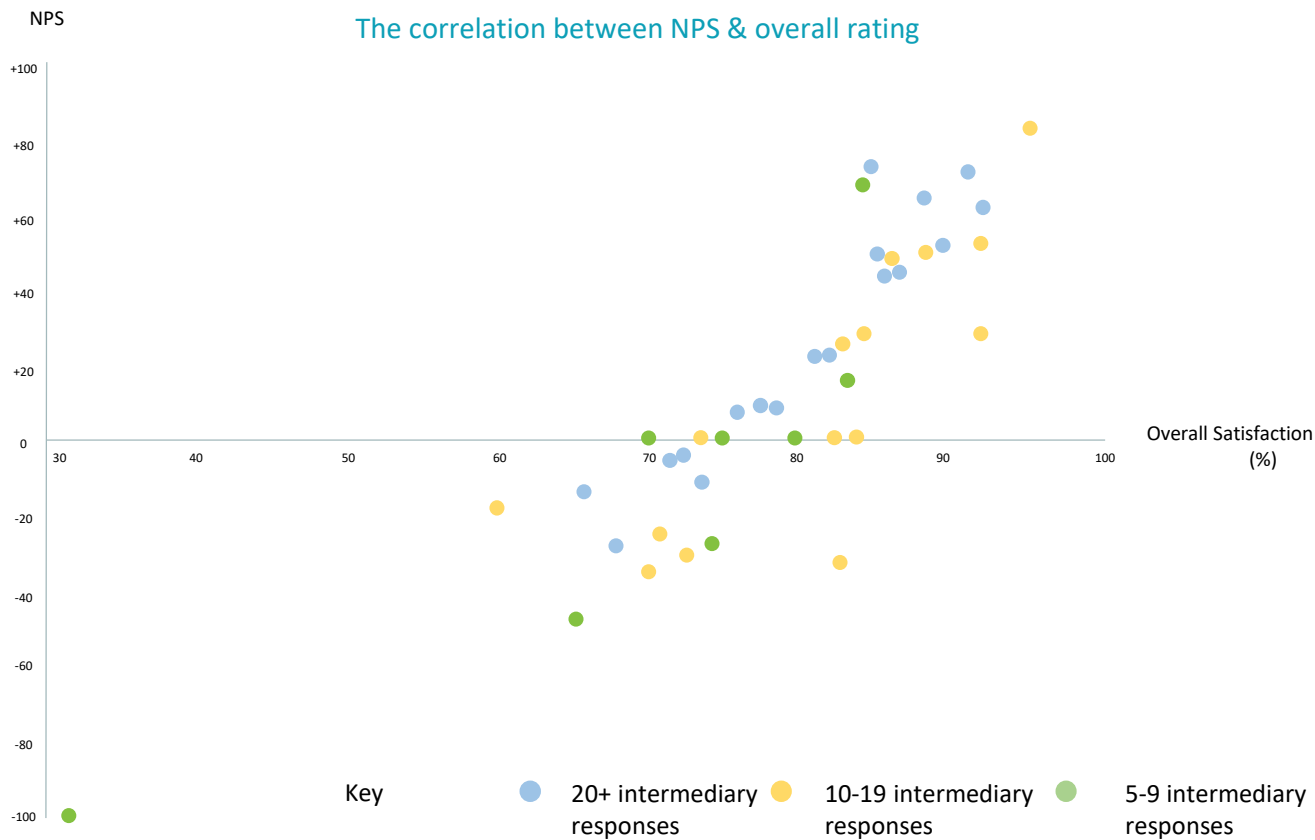
We examine this further through the Net Promotor Score (NPS) ratings received.

NPS is a well known measure of customer experience and predicts business growth. It groups responders into three categories: Promoters (those intermediaries actively recommending firms), Neutrals (those intermediaries sitting on the fence) and Detractors (those intermediaries actively telling others to give a lender a pass).

Strikingly, while one bank has a remarkable overall rating of 93.8%, its NPS stands at +30.8, much more in line with an average performer.

Another firm, a specialist lender, with a respectable 82% overall rating, can only muster an NPS of -30. This means that intermediaries are actively encouraging their colleagues to avoid this lender.

Given the dynamics of the intermediary mortgage market, NPS is a good way of understanding the underlying strength of lenders. Intermediaries telling each other which lenders are great to deal represents an important way of growing lending volume sustainably.



What's behind the decision to recommend a lender?

Being recommended by intermediaries doesn't come easy. The below tables identify the themes that are most commented on by both promoters and detractors and which of these themes have the strongest impact, be it positive or negative.

Key themes like speed to completion, underwriting and customer service feature consistently. Often considered as the tough areas to improve, it's clear that service improvements geared to these three themes are worth the time, effort and cost.

Intermediaries recommending a lender focus on speed to completion, customer service and online portals. But dig a little deeper, and it's in fact speed to completion, underwriting and flexibility which are the strongest forces at work.

When it comes to what leads an intermediary to not recommend a lender, there's some consistency in the top three themes commented on. Issues around underwriting, customer service and speed to completion drive intermediaries to despair more than others.

The most commented themes and those with the strongest impact

Promoters +

1	Speed to completion	1
2	Customer service	6
3	Online portal	8
4	Underwriting	2
5	Criteria	9
6	Flexibility	3
7	BDMs	7
8	Product range	10
9	Ease of application	4
10	Rates	5

Ranking by volume

Ranking by impact

Detractors -

1	Speed to completion	3
2	Underwriting	1
3	Online portal	9
4	Accuracy & consistency	5
5	Customer service	2
6	Communication	8
7	Ease of applications	7
8	BDMs	6
9	Clarity of criteria	4
10	Criteria	10

Ranking by volume

Ranking by impact

Lenders looking for quick wins should look further at the role of flexibility. Lenders which demonstrate flexibility (perceived or real) are winning the hearts, minds and business of intermediaries.

Similarly, although it may be assumed that clear lending criteria is a simple hygiene item, and

it's a theme that has the potential to pack a strong negative punch for a number of lenders.

Online portals are commented on a lot (by promoters and detractors), but if it doesn't improve speed or ease, it's unlikely to be worth the investment.

Verbatim from intermediaries recommending the lenders they work with

The next two pages highlight some of the verbatim commentary left by intermediaries to help illuminate the themes identified as driving both promoters and detractors.

While all comments were left by either promoters or detractors, the choice of comments and the firm highlighted below have no significance.

<div>Speed to Completion</div> <div><i>"Easy to get decisions. Clients love the speed."</i></div> <div>Digital Mortgages</div>	<div>Underwriting</div> <div><i>"Great access to underwriter who works with the broker where the can to get a case approved."</i></div> <div>NatWest</div>	<div>Flexibility</div> <div><i>"Try their best to accommodate."</i></div> <div>Family Building Society</div>
<div>Flexibility</div> <div><i>"Understanding and accommodating for the difficult case on hand."</i></div> <div>The Mortgage Lender</div>	<div>Customer Service</div> <div><i>"I like the helpfulness of the customer service staff."</i></div> <div>Virgin Money</div>	<div>Online Portal</div> <div><i>"Love the website/aip/application site. Very easy to use."</i></div> <div>Bank of Ireland</div>
<div>Criteria</div> <div><i>"Great for fixed term contract workers with no previous contract history."</i></div> <div>Platform</div>	<div>BDM</div> <div><i>"Mark Madle is always a pleasure to deal with."</i></div> <div>Halifax</div>	<div>Product Range</div> <div><i>"Good large loan proposition."</i></div> <div>Barclays</div>

Verbatim from intermediaries not recommending the lenders they work with

Underwriting

"Took nearly 12 weeks to underwrite a case, then declined at the very end on extremely dubious reasoning."

Gatehouse Bank

Underwriting

"When they decide that they want to go forensic on a case, you may as well just NPW them right there. They ask for every bit of paperwork known to man, in dribs and drabs, and take a week to assess each one, before asking for something different, until they either run out of paperwork to ask for or decide that they don't like the case for some abstruse reason."

Santander

Clarity of Criteria

"Criteria seems very confused, and you can never accurately predict an application's outcome."

HSBC

Clarity of Criteria

"Clearer criteria online, especially with adverse credit cases."

Nationwide Building Society

Online Portal

"Need access to portal rather than ringing up for KFI. Online apps to replace paper apps."

Aviva

Customer Service

"When have had to call for assistance, calls have been for over 40m minutes on last 2 occasions."

Barclays

Customer Service

"The issue I have with M&S is how slow the service is and not having confidence with the staff. They always sound unsure on the answer they are giving you."

M&S Bank

Accuracy & Consistency

"They also make a lot mistakes internally that results on losing clients."

Clydesdale Bank

Speed to Completion

"As soon as they get slightly busy, progress takes a nose dive, and we can expect to see 5 working days added to timescales."

Santander

Communication

"Communication is terrible."

TSB

Ease of Applications

"Application process laborious."

Tesco Bank

BDM

"Didn't have much interest from the BDM regarding the case."

Kensington

Conclusion

The results of the Mortgage Lender Benchmark H2 2018 have confirmed that overall intermediaries are satisfied with the service and products available to them. That said, a wide gap in performance exists between the highest and lowest rated lenders.

While we've observed some structural differences between lender types (highlighted on p.10), the DNA of each individual lender can be rather different too.

Our lender SWOT analysis will help readers better understand what makes 32 lenders really tick. What are their strengths and weaknesses, and what opportunities and threats lay ahead.

In this context, the Mortgage Lender Benchmark provides a way of analysing how lenders compare in an increasingly competitive market. This will help both lenders and wider stakeholders better understand which lenders are poised to increase market share and how propositions really differ.

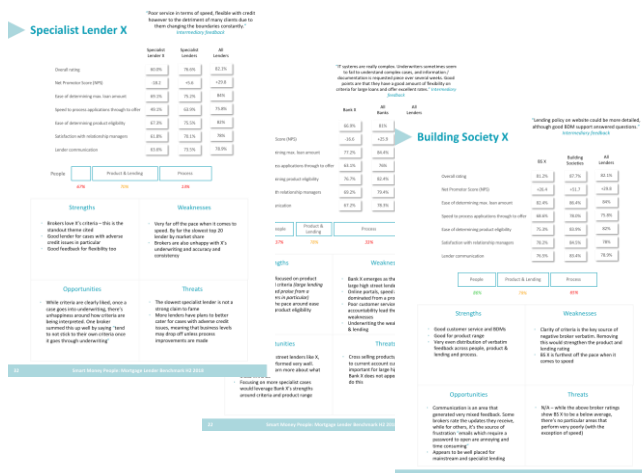
The next edition of the Mortgage Lender Benchmark will be delivered in the first half of 2019. Which lenders will improve? And which will continue to deliver a poor intermediary experience?

Future editions will also track how the themes observed change. With the spotlight on retention fees only getting brighter, will this theme emerge stronger next time around?

A full version of this report is available to purchase. This includes:

- Full league table data
- 32 pages of lender SWOT analysis (covering 32 lenders)
- Network/club satisfaction data
- Proc fees analysis
- Option to receive the raw data (anonymised)
- Option to schedule a face to face option briefing

To discuss this study further, please contact the research team at Smart Money People.



A snapshot of some of our SWOT analysis pages

Methodology

About the Mortgage Lender Benchmark

The Mortgage Lender Benchmark is an independent research study conducted by Smart Money People.

All feedback was received via an online survey, and was collected between the 8th October 2018 and 16th November 2018.

A mix of qualitative and quantitative responses were received.

About the sample population

A total of 391 intermediaries completed the survey. Each intermediary was asked to leave feedback on 'the last 3 lenders you've dealt with' and therefore 1,173 pieces of feedback were collected. The study did not restrict which lenders intermediaries could leave responses for, and hence feedback was received for 79 lenders. These intermediaries responded to our call to leave feedback and therefore the population is self-selecting.

A full list of lenders for which feedback was received can be found on p.18. This table also highlights how firms have been classified into lender types and the volume of feedback obtained for each firm. A number of lenders engaged in specialist lending, have been classified as per their parent company type.

Only qualified mortgage intermediaries were invited to complete the survey and feedback from 204 firms was received. Firms ranged in size from independent intermediaries to the largest intermediary firms in the UK. The table adjacent details how this breaks down by firm size.

The region of intermediaries completing the survey is also highlighted in the adjacent table.

Intermediary firm sizes

Firm size	No. of firms
>40 intermediaries	14
20-40 intermediaries	15
5-19 intermediaries	48
<5 intermediaries	123

% Response by region

Region	% Responses
London	18
South East	15
East of England	11
Yorkshire & Humber	9
North West	9
South West	9
Scotland	7
North East	6
West Midlands	6
East Midlands	5
Wales	3
Northern Ireland	2

Methodology

Lenders included in the study

Lender name	Type	Feedback volume
Accord	Building Soc	20+
Ahli United	Specialist	<5
Aldermore	Bank	10-19
Aviva	Lifetime	20+
Bank of Ireland	Bank	10-19
Barclays	Bank	20+
Bath Building Society	Building Soc	<5
Bluestone	Specialist	<5
BM Solutions	Bank	20+
Cambridge Building Society	Building Soc	<5
Cambridge & Counties Bank	Bank	<5
Canada Life	Lifetime	10-19
Clydesdale Bank	Bank	20+
Coventry BS	Building Soc	20+
Darlington Building Society	Building Soc	<5
Digital Mortgages (Atom Bank)	Bank	10-19
Dudley Building Society	Building Soc	<5
Family Building Society	Building Soc	10-19
Fleet Mortgages	Specialist	<5
Foundation Homeloans	Specialist	<5
Furness Building Society	Building Soc	<5
Gatehouse	Bank	<5
Halifax	Bank	20+
Hampshire Trust	Bank	<5
Handelsbanken	Bank	<5
Hanley Building Society	Building Soc	<5
Harpenden Building Society	Building Soc	<5
Hinckley & Rugby Building Society	Building Soc	<5
Hodge Lifetime	Lifetime	<5
HSBC	Bank	20+
Investec	Specialist	<5
JUST	Lifetime	10-19
Kensington	Specialist	10-19
Kent Reliance	Bank	10-19
L&G	Lifetime	20+
Landbay	Specialist	<5
Leeds Building Society	Building Soc	20+
LendInvest	Specialist	<5
LV=	Lifetime	10-19

Lender name	Type	Feedback volume
M&S Bank	Bank	5-9
Magellan	Specialist	5-9
Market Harborough Building Society	Building Soc	<5
Marsden Building Society	Building Soc	<5
Masthaven	Bank	<5
MBS Lending	Building Soc	<5
Metro Bank	Bank	20+
Monmouthshire Building Society	Building Soc	<5
More 2 Life	Lifetime	20+
MT Finance	Specialist	<5
Nationwide Building Society	Building Soc	20+
NatWest	Bank	20+
Newbury Building Society	Building Soc	<5
Newcastle Building Society	Building Soc	<5
Nottingham Building Society	Building Soc	<5
Octopus	Specialist	<5
Optimum	Specialist	<5
Paragon Bank	Bank	<5
Pepper	Specialist	<5
Platform	Bank	20+
Precise Mortgages	Specialist	10-19
Prestige Finance	Specialist	<5
Principality Building Society	Building Soc	5-9
Pure Retirement	Lifetime	5-9
Saffron Building Society	Building Soc	<5
Sainsbury's Bank	Bank	5-9
Santander	Bank	20+
Scottish Widows	Bank	10-19
Shawbrook	Bank	<5
Skipton Building Society	Building Soc	10-19
Tesco Bank	Bank	5-9
The Mortgage Lender	Specialist	10-19
The Mortgage Works	Building Soc	10-19
Together	Specialist	5-9
TSB	Bank	20+
Vida Homeloans	Specialist	5-9
Virgin Money	Bank	20+
Vitvo	Specialist	<5
West Brom Building Society	Building Soc	<5
Zorin	Specialist	<5

Contact details

Michael Fotis
Lead Author



0203 859 9248



michael@smartmoneypeople.com

Nathaniel Harwood
Customer Research



0203 859 9248



nate@smartmoneypeople.com

Smart Money **People**

Smart Money People is the UK's leading review and customer research platform for financial services, with over 100,000 freely volunteered pieces of consumer feedback collected to date. This feedback captures both performance and regulatory metrics and helps firms to better understand how their products compare in an increasingly competitive landscape.

Our clients include leading financial firms and spans banks, building societies, insurance companies and intermediaries. Our data also powers the British Bank Awards.

The next edition of the Mortgage Lender Benchmark will be available in early June 2019.

