

# Mortgage Advice - UK - 2021

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## This report looks at the following areas:

- The impact of COVID-19 on the mortgage advice market.
- Regulatory and legislative changes and how they are affecting the mortgage market.
- An analysis of competitive strategies and launch activity.
- How COVID-19 has affected consumer attitudes towards mortgage advice.
- Channel preferences and benefits of using an adviser.

62% of adults who own a mortgage or are looking to arrange a mortgage say they are likely to use an adviser, peaking at 75% among 25–34 year olds. This is a wide customer base and advisers have to consider and understand how different customer groups see the mortgage journey, the channels they prefer to use and what benefits they are looking for.

The pandemic led to a sharp drop in demand for mortgage advice during the initial lockdown. Yet despite successive lockdowns, demand for advice has increased as the market recovered. However, the COVID-19 crisis has distorted the housing market, and consumers are looking for support to navigate uncertain times. Indeed, 49% of advice seekers say they are more likely to use a mortgage adviser due to COVID-19.

One of the biggest challenges for the mortgage advice market will be to remain relevant and adapt to the ever-changing needs of customers. The FCA has mandated that execution-only sales channels should be easier to use, and a large proportion of mortgage owners and potential buyers feel confident they could independently find and arrange the best mortgage for their needs. As a result, advisers will have to work harder to promote the knowledge, expertise and tailored solutions they can provide, as well as developing channels to rival the convenience of execution-only services.

The pandemic has accelerated the shift towards digital, and people and advisers alike are now more familiar with online communication channels. This



“While the huge upheaval wreaked by the COVID-19 pandemic posed serious challenges for the mortgage advice market, it has also created new opportunities for advisers. Advisers remain instrumental in the mortgage journey for most people, and they will become even more important in light of the pandemic.”

– Stefania Apostol, Financial Services Analyst

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creates opportunities for providers to expand the use of these channels in the future, in particular to bridge the gap between face-to-face meetings and other online channels. This will help lower costs for more traditional advice firms, as well as improve their geographical reach and perceptions of flexibility and convenience.

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- **Vast majority of mortgage sales are advised but execution-only is set to grow**
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- **...and communication channels**

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- **2020 was a year of two halves for mortgage advice firms**
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