

Mortgage Advice - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“The mortgage advice market is in a strong position. The MMR means that those looking for a mortgage almost always need to take advice, while the strong demand for mortgages means this captive audience is regularly replenished.”

– **Rich Shepherd, Senior Financial Services Analyst**

This report looks at the following areas:

- Consumers need to be shown the benefits of advice
- Automation has a long way to go
- Transparent pricing is key to improving perception

In 2016, 97% of mortgages arranged were sold on an advised basis, with intermediaries taking a growing share of the market. Since the implementation of the MMR (Mortgage Market Review) it has become a regulatory requirement for almost all consumers looking to arrange a mortgage to receive advice. However, how consumers receive this advice is changing. The preference for in-branch appointments is becoming harder for banks to provide due to branch closures and, while consumers are open to the idea of online advice, many are reluctant to pay for it.

This Report examines the UK mortgage advice market. This includes discussion of the role of advice in the wider mortgage market, and where consumers receive advice. Mintel’s exclusive consumer research looks at mortgage ownership and mortgage advice use in the UK, how consumers received their last mortgage advice service, and how satisfied they were with their experience. The Report also examines the main factors that consumers consider when choosing a mortgage adviser before finally looking at consumers’ attitudes towards mortgage advice channels and mortgage advice in general.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Mortgage Advice - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know

Executive Summary

The market

Mortgage advice accounts for almost all new mortgages

Figure 1: Distribution of regulated mortgage sales, advised versus non-advised, 2011/12-2015/16

Gross mortgage lending is forecast to grow to £271 billion by 2021

Figure 2: Forecast of gross mortgage lending, 2011-21

The consumer

34% of adults have a mortgage

Figure 3: Mortgage ownership, December 2016

Banks still regarded as first port of call for mortgage advice

Figure 4: Main source of advice for most recent mortgage, December 2016

92% were satisfied with their most recent experience with an adviser

Figure 5: Satisfaction with last mortgage advice received, December 2016

Cost is key to choosing an adviser

Figure 6: Important factors when choosing a mortgage advice provider, December 2016

Preference for face-to-face advice could hold back online innovations

Figure 7: Attitudes towards mortgage advice, December 2016

A significant minority are unconvinced about the benefits of advice

Figure 8: Attitudes towards mortgage advice, December 2016

What we think

Issues and Insights

Consumers need to be shown the benefits of advice

The facts

The implications

Automation has a long way to go

The facts

The implications

Transparent pricing is key to improving perception

The facts

The implications

The Market – What You Need to Know

Mortgage advice accounts for almost all new mortgages

Gross mortgage lending is forecast to grow to £271 billion by 2021

Low rates continue to boost the market

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mortgage Advice - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

The Mortgage Advice Market

Mortgage advice covers 97% of the mortgage market...

Figure 9: Distribution of regulated mortgage sales, advised versus non-advised, 2011/12-2015/16

...and grew by 11% in 2015/16

Figure 10: Number of regulated mortgage sales, advised versus non-advised, 2013/14-2015-16

Two thirds of mortgages are sold via intermediaries

Figure 11: Distribution of regulated mortgage sales, direct versus intermediary, 2011/12-2015/16

Figure 12: Number of regulated mortgage sales, direct versus intermediary, 2013/14-2015/16

The Mortgage Market

Gross new mortgage lending totalled £245 billion in 2016...

Figure 13: Gross mortgage lending, not seasonally adjusted, 2012-16

...but growth is expected to slow in the next five years

Figure 14: Forecast of gross mortgage lending, 2011-21

Buy-to-let is due to fall in appeal

Figure 15: Forecast of new buy-to-let mortgage advances, 2011-21

Lloyds Banking Group is the UK's mortgage market leader

Figure 16: Selected mortgage providers, market share by gross new mortgage lending, 2016

Market Drivers

The housing market has calmed in the last two years

Figure 17: Annual change in average UK house prices – ONS and Nationwide house price indices, Q1 2009-Q4 2016

Low rates boost demand for remortgaging

Figure 18: Monthly interest rate of UK monetary financial institutions (excluding Central Bank) for 2-year fixed-rate mortgage at 75% LTV, 2-year variable-rate mortgage at 75% LTV and standard variable-rate (SVR) mortgage, January 2011-February 2017

FCA launches market study to assess competition in the mortgage market

Companies and Brands – What You Need to Know

Lenders are strengthening their ties to intermediaries...

...while automation is allowing new challengers to enter the market

Competitive Strategies

Major lenders look to increase intermediary presence...

...and make it easier for consumers to find them

Automation offers new challengers a route to market

Retention proc fees introduced across the market

The Consumer – What You Need to Know

34% of adults have a mortgage

Most used a bank or building society to get their last mortgage advice

92% were satisfied with their most recent experience with an adviser

Cost is key to choosing an adviser

Preference for face-to-face advice could hold back online innovations

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mortgage Advice - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

A significant minority are unconvinced about the benefits of advice

Mortgage Ownership

A third of British adults have a mortgage on their main home...

Figure 19: Mortgage ownership, December 2016

...and 10% of non-mortgage holders plan to get one in the next two years

Figure 20: Intentions to buy a property in the next two years, December 2016

Main Source of Mortgage Advice

Two fifths of mortgage holders took advice from their main bank

Figure 21: Main source of advice for most recent mortgage, December 2016

Suburban and rural groups are more likely to use independent advice

Figure 22: Main source of advice for most recent mortgage, by residential area, December 2016

Satisfaction with Mortgage Advice

Mortgage advisers achieve impressive satisfaction levels

Figure 23: Satisfaction with last mortgage advice received, December 2016

Bank advisers are most likely to provide very satisfactory service...

Figure 24: Satisfaction with last mortgage advice received, by main source of advice for most recent mortgage, December 2016

...helped by their branch networks

Figure 25: Satisfaction with last mortgage advice received, by methods used for/interested in using for seeking advice on the most appropriate mortgage, December 2016

Better-off consumers are also more satisfied with their mortgage adviser

Figure 26: Satisfaction with last mortgage advice received, by current financial situation, December 2016

Factors Affecting Choice of Mortgage Adviser

Cost is the key factor in choosing an adviser

Figure 27: Important factors when choosing a mortgage advice provider, December 2016

Online channels are in low demand at present

Figure 28: Important channel-related factors when choosing a mortgage advice provider, by age, December 2016

Recommendations are particularly important for new applicants

Figure 29: Important factors when choosing a mortgage advice provider, by mortgage ownership, December 2016

Speed of service is more important for bank advice users

Figure 30: Agreement that "How quickly I can get an appointment" is an important factor when choosing a mortgage advice provider, by main source of advice for most recent mortgage, December 2016

Attitudes towards Mortgage Advice Channels

Two thirds would only pay for face-to-face advice...

Figure 31: Attitudes towards mortgage advice, December 2016

...but nearly half are interested in digital advice

Figure 32: Interest in receiving mortgage advice via digital channels, by age, December 2016

Attitudes towards Mortgage Advice

Aggregators are a threat to mortgage advice

Figure 33: Attitudes towards mortgage advice, December 2016

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mortgage Advice - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Independent advisers carry a greater sense of authority

Figure 34: Confidence in getting the best mortgage deal without professional advice, by main source of advice for most recent mortgage, December 2016

Millennials are most likely to consider advice good value for money

Figure 35: Agreement with the statement "I think mortgage advisers provide good value for money", by generation, December 2016

Young city-dwellers are most concerned about applying directly

Figure 36: Attitudes towards mortgage advice – CHAID – Tree output, December 2016

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

CHAID Methodology

Figure 37: Attitudes towards mortgage advice – CHAID – Table output, December 2016

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com