

Lloyds restricts lending on buy-to-let portfolios

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[Lloyds Banking Group](#), one of the biggest buy-to-let lenders, is introducing further restrictions for landlords, who will only be offered loans for up to three properties, or £2m worth of lending.

Borrowers are currently able to take out up to nine mortgages with a total value of up to £3m across all of the group's brands, a change that was only introduced last September.

The new limits come into effect from 25 September but a spokeswoman for Lloyds said the vast majority of its customers would not be affected.

"Nine out of 10 of our buy-to-let borrowers have less than three properties with the group. We've never been a provider for borrowers with massive portfolios," she said.

But mortgage brokers said the move would restrict the options for buy-to-let investors looking for new mortgages.

"This clearly signals a change in Lloyds' approach to portfolio lending which is significant, given BM Solutions' position as a key player in the buy-to-let market," said David Hollingworth of London & Country, the mortgage broker.

Landlords that already have three or more properties will now have to look elsewhere for any new property acquisitions. Lloyds' move will also hit those buy-to-let investors that are remortgaging their current properties.

The buy-to-let mortgage market has been hit hard by the credit crunch. The number of lenders in the market as well as the choice of products have been significantly reduced. The majority of buy-to-let business is now written by BM Solutions, Lloyds' specialist buy-to-let brand, and The Mortgage Works, part of Nationwide Building Society.

"This policy change will mean that even more business will have to go to The Mortgage Works - the issue there is that they don't want it all," said Aaron Strutt of Trinity Financial Group.

Lloyds has also reviewed its overall buy-to-let offering. From next Saturday, borrowers who apply for buy-to-let mortgages through brokers will only have access to products from BM Solutions. Cheltenham & Gloucester (C&G) and Lloyds TSB Scotland will no longer offer the products.

The group will continue to offer buy-to-let mortgages direct to borrowers through its Halifax and C&G branches.

This is not the first time that Lloyds has changed its policy on buy-to-let portfolios. Until last September, lenders had been able to take out up to nine mortgages from C&G and a further nine from any of the other former HBOS brands, up to a limit of £6m.