

Private banks get creative

By Tanya Powley

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Some private banks are willing to offer 100 per cent mortgages to wealthy borrowers, brokers say.

Aaron Strutt of Trinity Financial Group says his firm recently secured a 100 per cent mortgage from EFG Private Bank on a £3.2m purchase. EFG agreed to this as it has a charge over the property and over a £1.6m five-year investment with EFG. “Effectively, rather than putting down a deposit, he is investing it with EFG and getting a return between 3.5 and 8 per cent. The £1.6m is also protected so he can never lose this money.”

Melanie Bien of Private Finance says private banks can be creative in their funding for the “right sort of client”. “We have a client buying a country estate with a loan-to-value of 115 per cent because he has other assets that are being charged,” she explains.

Mortgage brokers say that this type of arrangement can help clients who do not want to liquidate investments or remit funds to the UK – which could trigger a tax charge. “Depending upon the asset class offered as security, it is often possible to negotiate a lower margin than property lending, leading to a lower blended rate than would be possible for a pure property loan,” says Nigel Bedford of Largemortgageloans.