# An odd FSA speech about bank changes

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It was interesting to hear Sheila Nicoll, director of conduct policy at the Financial Services Authority, address the Mortgage Business Expo recently.

She talked about the mortgage broking industry and how much the FSA appreciated brokers and that they submit around 50% of all mortgages. But there were a couple of points to come out of her speech that struck me as odd.

First, Nicoll argued that the FSA had not put pressure on banks to tighten criteria and not forced lenders to make any changes. She added that the FSA understood the huge repercussions the changes would have on borrowers.

So she was arguing that new underwriting criteria among lenders, such as Woolwich's interest-only qualification rule of 66% LTV, was not the FSA's idea.

This also makes it sound like Coventry Building Society's move to force first-time buyers into capital repayment is the society's own doing.

Iain Laing, chief credit officer at Santander UK, thought that the FSA had the power to pull lenders more in line and that these powers were within the Mortgage Conduct of Business rules.

Laing acknowledged the FSA was open to lenders' arguments and is hopeful it will accept some of Santander's ideas about continuing to lend the way it does.

At the end of her speech, I told Shelia Nicoll that the banks have tightened up dramatically and extra regulation is likely to mean reduced competition.