

Now is the time to offer high LTV deals

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With the latest lending figures announced and the British Bankers' Association saying gross mortgage lending is at the lowest level since February 2001 - a massive 16.1% lower than a year ago - now is the time for traditional lenders to start offering some high LTV deals.

Most continue to chase those with big deposits although many claim to be helping first-time buyers. Halifax recently had a full-page advertisement in The Times to say how much it does to help first-time buyers. As part of Lloyds Banking Group it should be doing more as the high LTV deals it offers are not competitive.

The Royal Bank of Scotland is still saying that nine out of 10 people applying for a mortgage are being accepted. I think these figures are excessive to say the least. The only way I can see them working is if RBS can predict the good borrowers that look at its rates and choose not to take them, or even apply.

RBS can clearly offer decent mortgages - it has one of the lowest remortgage trackers at 1.99% - but its first-time buyer rates are not good. It has a 6.89% five-year fixed rate as a 90% LTV special. Its sales staff must be embarrassed to offer this rate.

Maybe the Financial Services Authority should look at it because it can surely never be best advice to offer a deal like this.

If we start to see further falls in house prices due to the lack of finance, the banks will have to take a further hit. The lower that house prices get, the higher the average LTV will be across their lending book.