

High street lenders hold the key to your mansion

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Borrowers seeking £1m-plus mortgages can now find more choice on the high street, as Nationwide Building Society returned to the large loans market this week – but wealthy borrowers may still be better-off with a private bank, brokers say.

Nationwide has increased its maximum mortgage size from £1m to £2m in an attempt to target the upper end of the market. Its new range will be available for loans of up to 75 per cent of a property's value, although it will consider larger advances of up to 70 per cent loan-to-value (LTV) on a bespoke basis.

This week also saw Halifax cut rates by up to 0.7 percentage points for mortgages of up to 60 per cent LTV. At the same time, the lender introduced new rates for loans between £2m and £5m, available at up to 70 per cent LTV.

High street lenders largely withdrew from the large loan market following the credit crisis, leaving private banks to take up the majority of the lending at this level. However, with increased activity at the top end of the property market, more banks and building societies have begun offering [larger loans again](#).

"Most high street lenders have not been keen to offer mortgages over £1m and Nationwide clearly thinks that the market is stable enough to come back in to the million-plus arena," says Aaron Strutt of Trinity Financial.

A spokesman for Nationwide said it realised that there was demand for bigger loans, particularly in and around London. "We want to be in a position to offer our borrowers the types of loans that met their needs," he said.

Nationwide will offer larger advances only via its current range of no-fee mortgages, available direct and through brokers. As a result, borrowers will not have access to some of the building society's most attractively priced deals, such as its five-year fix at 4.39 per cent, which has a £900 fee.

Melanie Bien of mortgage broker Private Finance says this shows that high street lenders fail to understand high-value lending as well as private banks. "On the whole, borrowers looking for £1m-plus mortgages would rather have a lower rate and higher fee," she points out.

While Nationwide's rates are competitive, they are not the cheapest on the high street. Santander has a two-year fix at 3.59 per cent, with a 0.4 per cent fee, compared with Nationwide's two-year fix at 4.19 per cent, with no fee. Both are available up to 70 per cent LTV.

Coutts, the private bank, also offers a cheaper two-year fix at 3.89 per cent, which is available up to 80 per cent LTV and has a 0.5 per cent fee.

However, Nationwide's five-year fix at 4.59 per cent, with no fee, available for up to 70 per cent of a property's value, is competitive, brokers say. Coutts offers a five-year fix at 4.99 per cent, available up to 80 per cent LTV and with a 0.5 per cent fee.

Nigel Bedford of Largemortgageloans.com says it currently places most of its mortgages between £750,000 to £1m with Woolwich, which has an attractive two-year tracker at a current rate of 2.49 per cent, available up to 70 per cent LTV.

"Beyond £1m, it is private banks," says Bedford.

Strutt agrees. "For the majority of our clients requiring a large mortgage, we will still use the private banks," he says.

Bien says most private banks have a better understanding of the needs of the client, with tailored products, rates and fees.

She adds that not all private banks will insist that customers transfer “huge chunks” of savings to them before they will lend.