



## **Association of Mortgage Intermediaries' response to the banking steering committee – consultation on trade association consolidation**

### Introduction

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI). AMI is the trade association representing over 80% of UK mortgage intermediaries.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. Our members also provide access to associated protection products.

Our members are authorised by the Financial Conduct Authority (FCA) to carry out mortgage and insurance mediation activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

### Background

AMI currently enjoys excellent relationships with both the Council of Mortgage Lenders (CML) and Intermediary Mortgage Lenders Association (IMLA) who each deliver different but complementary analysis and views on the shape, structure and performance of the UK mortgage market. Housing plays a unique position as being such a fundamental aspect in the lives of UK consumers driven by the exceptionally high costs of property and the consequential mortgages or rent. In our view it merits a discrete focus which has worked well historically. We would therefore like to see a compelling argument for its inclusion into a wider trade body, which has not been fully articulated at this point in the development of the concepts.

Because AMI and our lender partner trade bodies are so close to and focused on our particular markets, we are able to exercise significant influence on behaviour without the need to engage in formal processes and procedures. We are concerned the move to a revised structure could limit that. In addition the range of expertise that exists on the focused market in a monoline trade body ensures a focus which all could regret if lost.

We have also worked closely with both the British Bankers' Association (BBA) and the Association of British Insurers (ABI) in the past and have always found our engagements to be positive and constructive. We agree that our engagement in Brussels could be better co-ordinated and would welcome further cross-industry work to foster this. We do not consider that this is only possible with a full re-structure.

AMI acknowledges that the steering group have rightly recognised that there are representation issues in the current industry environment. AMI has been in meetings with both the FCA and the Financial Ombudsman Service, where the larger trade bodies such as BBA and ABI are asked to speak on behalf of their smaller members as those "regulators" had already directly canvassed the trade bodies' larger members. In isolating these firms and them perhaps not realising so, they were speaking with a number of voices, which their trade

body had difficulty in reconciling. In making any structural change suggested in this report, this regulatory approach of hiving off the larger firms would also need to be addressed.

AMI disagrees with the steering group's belief that an amalgamated trade body will help rebuild trust amongst its customers. We are strongly of the view that it will not be the work done by trade bodies or other third parties that will rebuild trust amongst the consumer community. It will not be the rhetoric of firms, words on walls, or the mantra of senior managers. It will be the tangible evidence of better products, transparency, honesty and consumers feeling that they are getting heard obtaining a fairer deal.

We broadly agree with the potential objectives set out in the paper, but see many ways of these being fulfilled. Ultimately, trade bodies have no purpose other than to reflect their members' views, which should be refreshed regularly. AMI is concerned about the model proposed as it was the "collegiate structure" which was being proposed by the Association of Independent Financial Advisers (now APFA) during 2011 that led to the AMI Board deciding to ask AIFA for its independence. Concern was strong that such a co-ordinating council would lead to the mortgage sector having less say over its policy and objectives and being limited in what it could say.

Finally, AMI is appreciative of the open and participative approach that it has with all its fellow trade bodies. However it works particularly well with both the executive teams at CML and IMLA and with those who represent firms. Before change is engineered we would like to see assurances that the things that work well could be maintained in any new approach and structure.

## Conclusion

We believe that the mortgage industry needs a separate focus, which will not be achieved by diluting the CML and IMLA by creating one body with seven other trade associations.

We are concerned how the industry will be represented on the proposed co-ordinating council and how the relationship with its product council will work. Unfortunately, the paper lacks a lot of important detail. We anticipate the voice of the mortgage segment being muffled by retail banking and losing its overall strength in the industry, both in the UK and EU. AMI split from the AIFA in 2012 because of a similar proposed overarching council, which we felt would have resulted in AMI having less input into its own policy and objectives, thereby not being able to properly represent mortgage intermediaries.

We believe the core solution to restoring consumer trust lies with the firms, not other parties such as trade bodies.

We generally agree with the proposed objectives for trade associations to adopt, although we cannot comment on whether these are being effectively carried out already.

Although AMI is seen as outside of the scope of this consultation, we have regular contact with many of the trade bodies directly affected and therefore a move to a super trade body would directly affect our market. We would therefore welcome inclusion in future discussions.