



*Association of Mortgage Intermediaries' response to FCA CP18/41:
FCA and PRA changes to mortgage reporting requirements*

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI) and the Association of Finance Brokers (AFB). AMI is the trade association representing over 80% of UK mortgage intermediaries. AFB sits within AMI and represents second charge (formerly secured loan) brokers.

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. AMI members also provide access to associated protection products. AFB members also provide access to unsecured products.

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

Response

AMI continues to support increased transparency in the mortgage market, particularly the need for lenders to report data on product transfers, further advances and second charge mortgages.

We welcome these proposals which should support a more informed approach to dealing with the concerns around a 'loyalty penalty'. With the 2018 gross lending reaching £267 billion and UK Finance estimating product transfers at a further £150 billion, 36% of the residential mortgage market is too significant to continue to remain unreported and unseen. We are concerned that some lenders are not treating customers fairly. Some lenders are incentivising customers to switch to another product before the end of the initial term, without seeking advice on whether this is suitable thereby potentially to the customer's detriment. Other lenders in their desire to retain existing customers are sending limited product transfer offers, not from their whole product range, which impedes customers' abilities to make informed decisions.

Lenders should be required to submit data to include product transfers and this should include a split of whether these transactions are being sold on an advised or execution-only basis, and through what channel (i.e. direct or intermediated). We also expect the FCA to publish this split as part of its product sales data.