Association of Mortgage Intermediaries' response to BEIS: Improving home energy performance through lenders

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

We support aim of this consultation as we recognise that in order to meet the UK's emissions targets it is vital to increase the energy efficiency of the UK's housing stock. We appreciate that targets have already been set in the private rental sector and are currently being reviewed with a view to them being strengthened. We understand the logic that something similar should be done in the mortgage sector and question whether it might be more sensible to take the same approach to all residential housing stock using a governmental advertising campaign to encourage people to act now.

However, we consider that rather than targeting lenders as facilitators of change with all the consequential risks that follow, another approach would be better. A fundamental review of the property rateable value system, augmented by EPCs, to provide a new chargeable amount to local authorities is essential. EPCs need to be thoroughly reviewed and revised so that they are fully fit-for-purpose. All owners of domestic properties should then be required to obtain an EPC. Inspections should only be carried out by appropriately qualified and authorised assessors, and all results held in a central database, accessible to homeowners, prospective purchasers or renters and lenders. This would provide an accurate overview of the number and location of poorly-rated properties and guide the necessary policies to target and improve these. Following this then change through communities and appropriate monitoring of improvements through controlled delivery can be achieved.

Should this not be adopted then we would comment that this consultation is very broad and covers a wide range of areas at a high level. We welcome the BEIS commitment to publish a further consultation on detailed requirements to be set in regulation, shaped by the responses to this consultation. We counsel Government to maintain dialogue with industry experts throughout this process and during the formulation of future requirements, to ensure that they are able to meet the goal of improving the energy efficiency of UK housing stock, without detrimental consequences to the UK homebuying process and homeownership. With proven links between consumer confidence and the UK housing market, a delicate path needs to be forged, particularly as we look to recover from economic challenges caused by the Covid-19 pandemic.

We are concerned by the premise of this consultation that lenders should be liable for the emissions from homes of which they have funded the purchase; the decision to lend was not assessed on this basis. It is, after all, homeowners who will be responsible for ensuring any work required is undertaken. Early communication will be key to the implementation of proposals to increase the energy efficiency of UK property and this should be undertaken by Government at a national level. It's important that the public understands not only what needs to be done, but also why, as changes to the UK housing stock will need to be wide ranging and are the responsibility of many. The UK public needs to be educated so that energy improvements and the benefits of having a more energy efficient house are much more widely known. Any governmental campaign will also have to pick up the significant proportion of people who have no mortgage and who would benefit from both increased energy efficiency and reduced heating bills in their homes. The local authority approach would negate this gaping gap in these proposals.

Any proposals should take into account the improvements shown in the EPC ratings of existing properties within the lenders' portfolios to ensure that the results reflect the true aim of the proposals, namely the overall improvement of energy efficiency levels of mortgaged properties. We recognise that this will increase the complexity of the proposals but failure to do so risks the gaming of results, whereby firms could simply increase the percentage of more energy efficient properties within their portfolios rather than encouraging their existing customers to increase the energy efficiency of their homes. The suggestion to rate lenders' performance in against measures in league tables will, in our opinion, increase the likelihood of lenders only lending to energy efficient properties in order to improve their portfolio average and move up the table.

It is not clear from this consultation whether financial services industry regulators have been involved in the discussions on these proposals. It is key that any further action taken should be subsequent to discussion with the regulators about the effects of any potential changes, to ensure that these are able to take place with minimal disruption to the market. Any changes to required criteria and lending assessment will need to be reflected in regulatory rules and guidance. The government needs to work closely with the regulators to ensure that there is consideration of impacts across the industry and to mitigate the risks posed by taking a siloed approach to policy which could lead to contradictory requirements.

We note that the proposals in this consultation regarding the disclosure of portfolio energy performance data will apply to all FCA-registered mortgage lenders carrying out mortgage lending in England and Wales. We would like confirmation that it is the intention to include second charge lenders in the scope of these proposals. If this is the case, who will be responsible for helping the customer to improve the energy performance of their property, will this responsibility sit with the first charge lender, or is BEIS happy for properties with second charges to be 'double counted'? If the responsibility falls to both then how does BEIS envisage that this will work?

We would also appreciate further information on expectations regarding the requirements on lenders who securitise their mortgage portfolios.

Information about the average work needed to be undertaken on a property to achieve an EPC Band C would have been beneficial in order for us to comment upon the realistic nature of the target. We would be keen to know whether Band C is achievable in an older property by undertaking the less invasive measures or whether more disruptive work is likely to be required. This is fundamental to the effects that these changes are likely to have on consumers.

In a similar vein, we would welcome further information on the treatment of certain properties by these proposals. Is the intention that all property types will be included in any policy requirements? We note that listed buildings are not currently required to obtain an EPC certificate and are considered to be exempt. Will this remain the case and will the same logic be applied to properties that are located in a conservation area and for which, any addition of double glazing or external insulation could be deemed to be in breach of regulations without the appropriate conservation area permissions?

There are times when some lenders' criteria seems to be against the tide of reducing household emissions, with non-standard property construction types more difficult to place and those with external insulation and solar panels also posing challenges. We are hopeful that any change in policy will see improvements in this area, however we do understand that lenders must have to evaluate the risk of their lending and the issue that "improving a property" might make it have less financial value or be less marketable from an aesthetic perspective, and therefore less attractive as lender security.

We have concerns that these proposals do not currently differentiate between purchase, remortgage and product transfer transactions which we understand are all within scope of the changes. If these proposals are enacted for all new property purchases then, as part of the sales process, the purchaser will be able to make the decision as to whether or not to purchase the property knowing, in the case of property with a low EPC rating, that they will need to undertake a potentially substantial amount of work to improve it. On the contrary, existing mortgagors will not have the same choice. Many may be unaware of the current EPC rating of their property. When they come to arrange a remortgage, product transfer, or perhaps look to release equity, they will discover that the transaction will potentially cost them an extra £10,000, albeit over a period of time, in order to meet these new requirements. Refusal to do so will potentially see the borrower tied to the property and paying a higher interest rate following a reversion to the lender's standard variable rate.

There will be many households that have already undertaken a certain amount of retrofitting to their properties including changing lightbulbs and adding loft insulation and who will now be required to undertake more radical measures. Remedies such as internal or external wall insultation and floor insultation could be very disruptive and difficult to deal with for elderly or vulnerable people or those property owners with elderly or vulnerable people living with them. We ask the BEIS to give additional consideration to requirements of people either who are vulnerable themselves or living with people with vulnerabilities that could be exacerbated or whose mental or physical health could be damaged by these proposals.

These proposals rely heavily on the accuracy of EPCs, particularly as lenders will be penalised for not meeting targets. It is essential that EPC ratings used for this work are reliable. We are concerned that responses to the BEIS call for evidence on energy performance certificates for buildings point towards a lack of accuracy in these assessments. We also note that in past EPCs assessors have been able to make assumptions with regards to whether or not certain criteria is met. It is deeply concerning that these proposals will be using existing, potentially inaccurate ratings as a basis on which to decide whether or not people should undertake additional work to their properties and otherwise risk paying a premium for their mortgage.

Questions

Chapter 1: Disclosure of portfolio energy performance data

1. Do you agree with the principle of all lenders publicly disclosing information on the energy performance of their portfolios?

Notwithstanding our concerns that this is not the most appropriate policy solution, yes, we agree in principle. With the government's far reaching targets on emission reduction there is a need to ensure that people take action sooner rather than later and these measures could help to focus attention.

However, we question whether mortgage lenders who facilitate borrowing for people's homes should be tasked to ensure that the properties on which they lend meet energy efficiency requirements. These proposals risk fundamentally changing the basis on which lenders make the decision to lend and could radically change the assessment criteria for mortgages and therefore the consumer's potential to own their own home. It also risks increasing the pricing of lenders' products.

We are concerned that these proposals will add a large additional administrative requirement to lenders processes. Strong guidelines need to be put in place to ensure that this initiative is monitored to ensure that it achieves the desired results and also to ensure that it does not become a big paperchase for lenders.

Lenders who have invested heavily in new build propositions in recent years will have an advantage over those who have portfolios predominantly comprising older and likely less energy efficient properties.

We would appreciate confirmation that it is intended that the proposals will also apply to second charge lenders who lend to residential properties in England and Wales? This will mean that the properties with a second charge loan are double counted. We would appreciate clarification from BEIS as to the requirements for a customer in this situation.

2. Do you agree with the proposed EPC information lenders will be required to collect? If you disagree, please explain why.

No comment.

3. Do you agree with the proposed disclosure information? If you think there is other information that would be useful to disclose that is not included in this proposal, or you do not agree with the proposal, please explain why.

No comment.

4. Do you agree that the option to provide additional commentary alongside disclosures would be useful? If not, please explain why, including any alternative proposals.

No comment.

5. Do you agree with the proposal that all lenders, irrespective of market share, be required to publish energy performance data on their websites as well as on GOV.UK aligned to annual reporting deadlines? If not, please explain why.

No comment.

6. Do you agree with the proposal that government use the disclosure information to publish 'league tables' of lenders? If not, please explain why.

No comment.

7. Do you agree that properties financed by a Buy-to-Let mortgage should be included in the scope of the policies proposed in this consultation? If not, please explain why, including any alternative suggestions.

Yes, we agree.

8. Do you agree with the proposed trajectory to mandatory disclosure? If not, please outline the reasons why.

No comment.

9. Do you agree with the proposal that disclosure information be subject to spot check audits proportional to the size of the lending portfolio? If not, please explain why, including any alternative proposals.

No comment.

Chapter 2: Improving the energy performance of lenders' portfolios: target-based approach

10. If applicable, is your organisation likely to sign up to a system of voluntary targets? If not, please outline the reasons why.

Not applicable.

11. Do you agree with our estimate that up to 80% of mortgaged stock would fall within scope during the target period? Please provide evidence where available.

No comment.

12. Do you agree the voluntary target should be set at a portfolio average of EPC Band C by 2030? If not, please outline the reasons why.

It would have been beneficial for the consultation to have included information about the average work needed to be undertaken to achieve an EPC Band C, in order for us to comment upon the realistic nature of this target. We expect that owners of older properties will have to undertake more work to be able to achieve this level which will increase the costs to owners of older properties, particularly where no work has yet been undertaken. Moreover, we would be keen to know whether Band C is achievable in an older property simply by undertaking the less invasive measures. Will it be enough for the owner of an older property to ensure that they have loft insultation, energy efficient lightbulbs and an efficient and thermostatically controlled gas central heating system or will the solid walls and floors mean that in order to achieve a Band C, will they be required to undertake solid floor insultation and either internal or external wall insulation and install double glazing? Only when we have this information can we truly shape our opinion on these proposals and their effects on consumers, the ability to mortgage the property and impacts on future property values.

Any proposals should take into account the improvements shown in the EPC ratings of existing properties within the lenders' portfolios to ensure that the results reflect the true aim of the proposals, namely the overall improvement of energy efficiency levels of mortgaged properties. Failure to do so risks gaming, whereby firms could simply increase the percentage of more energy efficient properties within their portfolios rather than encouraging their existing customers to increase the energy efficiency of their homes.

13. Do you think a revised EPC should be required to demonstrate improvements in energy performance? If not, what alternatives should be explored?

If the targets are mandatory then we would expect lenders to require a formal assessment of the impact of any improvements in the form of an EPC. This may be an additional cost to the homeowner.

14. Do you agree that an assumed maximum spend for improvement works should be set at £10,000? If you do not agree, please specify what you believe would be the most appropriate level to set the threshold, providing evidence to support your views where possible.

We agree that it is important to set a maximum spend for the work and agree with this suggestion on the basis of assurances from BEIS that this is the maximum spend, and that the average spend required is much lower.

The recent consultation on improving the energy performance of the private rental sector proposed an increase of the maximum spend amount from £3,500 to £10,000. We would urge BEIS to ensure that the calculations on spend requirements are adequate to ensure that home owners are only required to make such improvements to their properties once in their ownership to limit any disruption.

We would like further clarification on how the required information on home energy improvements will be passed between lenders, particularly where a consumer has already spent the maximum required amount with one lender, has not achieved the required EPC banding, and looks to remortgage with a new lender. Will the new lender be permitted to exclude this customer from their calculations? Inability to do so may leave the customer with no choice but to remain with their current lender.

Furthermore, we would like confirmation as to whether any support for consumers will be available on a tapered basis so that those who sit just above the threshold will be able to get some support even if it is not full amount.

15. Should spend from April 2021 onwards count towards the £10,000 assumed maximum spend on improvements? If you believe an alternative date would be more effective, please set out the reasons why.

Whilst we agree that it would be sensible to set a date, April 2021 is fast approaching. If the work undertaken as part of these proposals needs to be completed by someone who is TrustMark registered, or documented on a register, communication is key. Any delay to this risks home owners using a different tradesperson and finding that their recently undertaken work does not count towards the improvement spend requirement. There needs to be some way of proving the work that has been undertaken, and this could prove complicated for consumers to provide and for lenders to reconcile.

16. What actions could the government take to incentivise the lenders to sign up to a voluntary target? Please provide evidence to support your answer where possible.

No comment.

17. Do you agree government should consider the option of setting a mandatory improvement target, should insufficient progress be made under a voluntary scheme?

We agree with the concerns stated that a voluntary target scheme may see a reduced uptake and therefore slower progress towards the goal, however we believe that the efficacy of these proposals should be observed and assessed before any movement towards mandatory targets is considered.

18. Do you agree with our proposed approach to the penalty regime? If not, please explain why, including any alternative proposals.

No comment.

19. What public tools could be used to calculate foregone emissions savings so that lenders can assess their own liabilities?

We are concerned by the premise that lenders should be liable for the emissions from homes mortgaged to them. The decision to lend was not assessed on this basis and so it seems wrong to attribute liability for this to lenders. The transfer of responsibility from the owners of properties to lenders for the energy efficiency of a property does not sit comfortably. This may lead to lenders exiting the UK market and reducing choice for consumers and increasing the cost of loans. This requires careful consultation with the Prudential Regulatory Authority and the Financial Conduct Authority.

20. Do you agree that the money collected from penalties be used to fund energy performance improvements? Please provide evidence to support your answer.

If penalties are imposed then yes, we agree.

21. Do you think that only those lenders that are on trajectory to meet their target should benefit from these funds?

As the funding would be intended to help the poorest performing properties or fuel poor households then the lender should not be taken into account.

22. Do you agree that lenders below a certain value or size threshold should benefit from certain derogations from a mandatory target? If so, what form should these take and how can we avoid creating any policy loopholes?

No comment.

23: Do you agree with the proposed alternative option of a mandatory target of a portfolio average EPC Band C by 2030 from the start of the policy? If you disagree, please explain why, highlighting any alternative target you think would be appropriate.

We would rather the target were voluntary at the start of the policy in recognition of the big change for lenders and for borrowers alike

Wider considerations

24. These policy proposals rely on the information provided by the EPC. Are there any impacts of data collection using EPCs that we have not considered? If so, how could these be managed effectively by lenders?

We are concerned that the publication of EPCs in conjunction with these proposed policy changes could be another tool used by fraudsters to target the vulnerable as there will be a list of houses that need to improve their energy performance ratings. If these proposals are introduced then early and widespread communication is key. The TrustMark standard would help to mitigate the problem of fraudulent approaches but only if it were widely known that a TrustMark registered tradesperson should be instructed.

The quality of EPCs is also of great concern to us, particularly as they will be used as a benchmark for this work and have a validity of 10 years. Whilst the quality of these assessments may be improving, some of the assessments on which this work will be based will be older and potentially inaccurate. If EPCs are to be used to measure lender targets, then data that they report must be entirely accurate and no assumptions should be made by the assessor. It is vital that EPCs are fit for purpose before they are relied upon for these proposals. If current EPCs are not accurate then lenders' benchmarks and projections may also not be inaccurate which could cause problems in the future.

25. What are your views on the likely impacts of requiring an increase in the EPC coverage of portfolios on: a) lenders; b) consumers; and c) EPC assessors?

We believe that these policies will increase lenders' costs due to extra administration that will be required to meet these targets. This will in turn impact costs to consumers.

For more specialist lenders who regularly securitise their mortgage portfolios, the reporting may be more complicated. As the current proposals apply to regulated lenders, we believe that consumers whose mortgage is securitised away to a non-regulated lender would not fall within scope of these requirements and would therefore not be obligated to make any amends to their property. If this is the case, does BEIS have any intention to bring these mortgagors into scope under these changes?

We are concerned that these proposals risk creating an additional barrier to the remortgage and product transfer process, potentially elongating the transaction process and increasing costs to the consumer if they move to the standard variable rate for a period of time, this may reduce the propensity of people to remortgage or effect a product transfer or worse, create a raft of new mortgage prisoners who remain on their lender's standard variable rate because they feel unable to undertake the work required to increase their property's energy performance rating to a Band C.

These proposals state that lenders have a number of touchpoints with mortgagors throughout the life of their mortgage, including product transfer. However, these proposals are putting another potential hurdle in the way for customers who consider a product transfer. FCA work has shown that people who have remained on the lender's standard variable rate for a number of years do not seek to change their rate for a number of reasons, including because they think the process is complicated. These proposals will further complicate the process for these mortgagors.

There will need to be a comprehensive appeals process to confirm the accuracy of EPCs and to better monitor each assessors work.

26. How can we ensure the effective transition of data between lenders when consumers change mortgage providers?

This could be included within the EPC information and held on a centralised database. As homeowners are responsible for their properties they should also have access to this information and be able to pass it to their new lender. Without open architecture this will add significant cost.

27. Are there any additional ways in which government or lenders could raise consumer awareness of their EPC data and how to improve the energy performance of their homes?

If the aim of the proposals is that the energy efficiency of all mortgaged residential properties should be improved with a view in the future to increase the engagement of unencumbered property owners, then it would make sense to have some form of government backed, nationwide campaign to improve awareness. This could also be rolled out through utility companies who will have the advantage of being able to see the energy consumption of each home.

28. Are there any ways in which lenders could help to encourage the installation of smart meters in the homes of those to whom they lend?

We do not feel that this should be the remit of lenders, it should be the responsibility of the utility companies who are providing the service and would be best done when the energy company is changed. If lenders are to play a part in encouraging installation, it should be that they include information about this in their communications. This should not be mandatory.

29. Should works carried out to comply with these policies require that mortgagors choose a TrustMark approved provider or installer?

We agree that using a TrustMark registered installer will ensure that work is undertaken to an appropriate standard by a reputable company. However we are concerned that any requirement for work to be carried out by a TrustMark registered business could increase the cost of the work for consumers and limit their choice of tradespersons.

30. We understand that there are mortgagors who will not be able to self-fund or borrow. Do you have any evidence that indicates what proportion of the mortgage market these mortgagors represent? Please provide as much detail as you can.

No comment.

31. Do you agree that those mortgagors unable to self-fund or borrow to make energy performance improvements should be exempt from inclusion in a lender's improvement target?

Any exemptions will reduce the effectiveness of the policy. However, we do agree that measures will need to be taken to assist these mortgagors. Government grants and loans will be pivotal here.

32. How do you think exemptions on the basis of affordability should be assessed?

We do not wish to comment on the means for assessment except to acknowledge that as lenders use a variety of affordability assessments currently, it may be difficult to implement a broad brush policy to the requirements here, for example some lenders assess pension contributions as committed expenditure and some do not, some will allow bonus and commission to be included in earnings and others will not.

33. What other methods of protecting fuel poor mortgagors should the government consider in designing its proposals? Please provide evidence to support your answer where possible.

No comment.

34. Do you support the idea of lenders recommending referrals to energy suppliers under a future ECO scheme?

Yes, we support the idea of lenders signposting to a scheme, particularly for borrowers who are known to be in financial difficulty.

35. Are there any impacts on the protected groups that we have not considered?

We are concerned that these proposals may require people with disabilities or homeowners who live with people with disabilities having to undertake work that causes substantial disruption as is the case with some of the suggestions on an EPC. This could have a big impact on people's physical or mental health.

There are both physical and mental illnesses which mean that sufferers would not be able to cope with the disruption of some more major energy saving suggestions. Whilst this can be taken into account as part of the decision as to whether or not to buy a property, these proposals will be potentially mandating work on properties that people already own, leaving them to pay a higher mortgage rate if they do not comply with the requirements. Exclusions will need to apply in such circumstances and it should be recognised that circumstances can change at any time.

The FCA Financial Lives survey demonstrates the high levels of consumer vulnerability and the consequent issues for those in dealing with even simple issues. We are concerned that these changes will add to consumers' concerns.

36. We wish to include leasehold properties in the scope of these proposals in order that their owners or tenants may benefit from energy improvement works. How do you think the government should act to ensure that leasehold properties with a mortgage are captured by these policies, while acknowledging the challenges that need to be overcome?

If this were to be the case, then it would need to be under a much-reduced framework to avoid issues that have been seen with cladding and denoting whose responsibility any changes are. The property could be rated solely on internal measures that are within the leaseholders control, e.g. lights, boiler, etc. Any proposals will need to clearly differentiate between those tenanted under a lease and those which are leasehold house or flat where the leaseholder has full repairing liability.

37. How can we ensure that we protect groups such as first-time buyers from being disproportionately penalised?

First time buyers who are buying a new build property will not be affected by these proposals.

With increased prominence of the importance of the EPC rating on second-hand properties, any low rating will be reflected in the price of the property which may be beneficial to first time buyers. Buyers will need to ensure that they have sufficient funds to cover the work from outset so it is important that the EPC gives a clear indication of the expected costs of the work and that this assessment is accurate.

38. Are there other impacts these policies could have on mortgage processes that we have not considered? How do we ensure that intermediaries, such as brokers, have access to the information necessary to advise consumers?

There is currently little information available to brokers or to the general public on ways to increase the energy efficiency of properties. Mortgage intermediaries offer important advice to their customers and their opinions are trusted. They will be an important component in dissemination of information to the public on the changes that they can make to their property and ensuring that they have a valid EPC prior to making an application for a mortgage, remortgage or product transfer.

The EPC rating of properties will be additional information that brokers need to be aware of when placing a mortgage. Consumers will benefit from a broker's advice and knowledge of the market. Those who transact directly with the lender may struggle, with consumers who apply to a lender on an execution-only basis potentially missing these new requirements and having a number of failed mortgage applications and increased costs to bear.

39. How can we ensure that our policies do not disincentivise lending to poor performing properties?

Any targets set need to use the correct metric to encourage the desired behaviour. The measurement of the average EPC rating of a lender's portfolio risks lenders being less inclined to lend to poorly performing properties on the basis that they may not improve or may not improve enough to meet the required level.

As the overall goal is to improve the energy performance rating of housing stock, lenders should be targeted to improve the ratings of all properties in their portfolio, perhaps with a measurement of the amount of uplift that they are able to achieve alongside other targets. This would encourage lenders to offer mortgages to properties that are currently less efficient and to help encourage homeowners to improve them.

40. How might these policies impact on house prices and households' ability to borrow in the market? What could the government do to mitigate any unintended impacts on households?

This consultation has not dealt with the impact of these proposals to listed buildings and housing located within a conservation area. We understand that listed buildings are currently exempt from requiring an EPC certificate. Will this remain the case and will householders who are unable to install double glazing and other forms of insultation due to local planning requirements be penalised when looking to obtain a mortgage for their property? Clear government policies will be required in this area to ensure that the decision is not left to the interpretation of the local planning office and the lender with the homeowner caught between the two. Houses not capable of being "improved" may need to be purchased and demolished by the state, to avoid litigation that policy has "destroyed" their home/asset.

41. How might these policies negatively or positively impact on competition and lenders' ability to operate in the housing and wider market? What could the government do to mitigate any negative impacts?

It is likely that these proposals will be beneficial to the owners of lower emission properties and to wealthier mortgagors who are able to invest in their properties to increase their EPC ratings. However, we expect these proposals to polarise the mortgage market leaving a large number of mortgagors paying higher mortgage rates with a smaller number of lenders to choose from.

Lenders that have operated heavily in the new build market for a number of years will have an advantage as their portfolio average EPC rating is likely to be higher.

These proposals may stop lenders from wanting to lend to the less environmentally friendly properties. There is a risk that the market could become less competitive for low performing houses if the targets are not correct, some lenders with lower than average rated portfolios may take the decision not to lend, others may simply increase the rates offered to offset their additional costs in other areas. It is likely that we will see this activity for purchases, remortgages and also product transfers where we are already beginning to see more individual pricing offered to borrowers when they reach the end of their incentive period.

Some lenders may leave the market.

42. What costs would compliance with these policies likely generate for lenders? Please provide an estimate of these costs where possible, including evidence to support your answer.

No comment.

43. Do you think a regulatory body should be responsible for the mandatory policies in this consultation? If so, what form do you think this body should take?

Any changes to regulation stemming from these proposals should be made with full participation, consultation and guidance from both FCA and PRA. This will also ensure that there are no conflicting requirements. A secondary body responsible for mandatory policies from this consultation risks a siloed approach that conflicts with current regulatory requirements.

44. Do you think that the government should introduce a requirement on lenders to check that privately rented properties comply with the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015?

We would question what lenders would be expected to do in the cases where people are in breach?

45. Do you think it would be sensible for these proposals, for example annual disclosure of portfolio-wide EPC information, to be applied to smaller non-domestic buildings that require similar energy performance upgrades to homes?

Yes, this would seem sensible approach if it is proven to be effective in increasing the energy efficiency of homes.

46. Should a fabric first approach be built into the preferred, voluntary, target option? If yes, how should such an approach best be implemented?

This would seem to be the sensible approach for the reasons laid out in the consultation paper.

47. What are your views on how we could tighten standards to drive greater carbon savings? Do you have views on introducing a dual metric, an alternative carbon target, or any other suggestions?

We are not experts in this area and so do not wish to comment on this aside from that the government should be careful to assess the impact of any single change before making another in order to evaluate the efficacy of the change.