

Mortgage survey gaining support against bond registration fees



Pictured: Paul Welch

Home buyers have been asked to answer questions through the survey commissioned by Large Mortgage Loans, which if successful, could shave thousands of pounds off the cost of buying a property in Guernsey.

The research will be used to examine the cost of document duty payable to the States of Guernsey on registration of a bond and the firm said, given the chance, where home buyers might otherwise have spent the money.

Bonds, which are registered at the Greffe, are paid by any homebuyer taking out a mortgage. They ensure that the bank or building society lending against the house has the "first charge", meaning they can take control of the property if the mortgage repayments aren't kept up. These fees are payable upon registration of a bond and include Document Duty payable to the States of Guernsey, Court and Greffe fees and Advocate's fees.

Document Duty to register a bond costs 0.5% of the mortgaged value of a property. Taking the average local market Guernsey home priced at £400,000 as an example, with a 10% deposit, a buyer would be borrowing £360,000. Registering a bond for that amount would incur Document Duty of £1,800.

Entrepreneur Paul Welch - who returned to the island last year, having worked in London - is the founder of businesses, including largemortgageloans.com and millionplus.com.

He said there are a number of reasons he's so passionate about this campaign to remove bond fees. "Guernsey's mean local market house price is about £400,000. The mean income is £33,000" he said. "Do the maths and you will see that home buyers at every stage of the cycle are being squeezed by Guernsey's housing market – whether first time buyers, growing families looking for more space or empty nesters downsizing."

With Document Duty payable every time a home buyer registers a bond, including every time they move house, remortgage or change mortgage provider, Mr Welch said that amounts to significant costs over a lifetime. He said consumers in Guernsey deserve better, "Mortgage holders generally don't end up changing their mortgage provider as it's not cost effective to do so. That means lack of choice and lack of competition in the mortgage market. The system needs to change so that consumers can be sure they're getting the best deals."



Mr Welch also believes this amounts to significant amounts of lost revenue to the island, explaining that a portion of the enterprise fund announced earlier this year could be a viable source of funding to pick up this shortfall. The States placed £25 million in a fund with the aim of investing in projects and companies with a Bailiwick focus. Mr Welch said, "I applaud the spirit of the enterprise fund, but there's a wealth of enterprise already here that we also need to support. Relieving home buyers of the burden of Document Duty would mean more money flowing through our economy, and the money saved is likely to be spent elsewhere. Think of the benefits for local businesses. Tradespeople, shops, services – these are all likely to benefit much more than the public purse."

Having met with all of the appropriate stakeholders to discuss the topic, Mr Welch said the time is right for people to have their say and so he is asking people to complete [a simple survey of four questions](#).

He said, "I'd urge islanders to give us their views as the States need to know that abolishing this needless additional tax on home buying could make a really positive impact. The survey will take no more than one minute to complete and respondents can rest assured that the information will only be used for this purpose and won't be stored or passed on to other parties."

[The survey is online now here until the end of May.](#)

Bailiwick Express | <https://gsy.bailiwickexpress.com/gsy/business/mortgage-survey/#.WvwzKl1j1J>

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