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# High street banks target large mortgages

By Tanya Powley



Borrowers seeking £1m-plus mortgages can now find more choice on the high street as lenders eye up the large loan market. But homebuyers with complex income streams are still unlikely to have access to the cheapest deals, brokers warn.

Santander is piloting a large loan initiative through selected brokers where it will consider lending up to £2m. Meanwhile, Investec and Scottish Widows last week launched large loan ranges aimed at professionals.

Nationwide, Halifax, Woolwich, Clydesdale Bank, Yorkshire Building Society, HSBC and NatWest are just some of the other high street names that will now consider lending above £1m.

“The large loan market is undergoing a transition with the return of high street lenders into the £1m to £2m lending space,” said Andrew Montlake of mortgage broker Coreco.

High street lenders largely withdrew from the large loan market following the downturn, 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.

But borrowers need to consider carefully where they apply for a mortgage on the high street. Brokers warn that only a small number of these banks will offer loans to homeowners with more complex income structures and requirements.

For example, Chelsea Building Society’s best-buy 1.89 per cent two-year fix might be available up to £5m, but brokers say only those with simple income streams are likely to be offered the deal.

Nigel Bedford of mortgage broker Largemortgageloans.com believes this is the case for the majority of high street banks that offer large loans – with the exception of Halifax, Woolwich, Nationwide and Santander.

“All four lenders have specialist underwriting teams for larger loans, recognising that these wealthy clients often have unusual situations and income streams which would not fit the prescriptive normal lending criteria,” said Bedford.

The rates on offer by these lenders are fairly competitive. This week, Santander cut its five-year fix to 3.04 per cent for borrowers with deposits – or equity – of 30 per cent or more. It has a £1,999 fee.

Woolwich has a two-year fix at 2.19 per cent for borrowers with deposits – or equity – of 35 per cent or more. The deal comes with a £1,999 fee and is available on loans up to £1.5m. Nationwide has a more expensive rate at 2.74 per cent, but the fee is £999.

For those wanting to borrow up to £5m, Halifax has a two-year fix at 3.84 per cent. It has a maximum loan-to-value of 70 per cent and comes with a £999 fee, said Mark Harris of SPF Private Clients.

Some lenders will charge much higher arrangement fees than others for large loans. According to Aaron Strutt of Trinity Financial, the mortgage broker, Woolwich can charge up to £15,000 in arrangement fees for loans up to £3m.

“Some of the teams are well established, such as Halifax and Woolwich, who will underwrite loans up to £5m without too much fuss. The newer teams have lower limits and the process can be very frustrating,” explained Harris.

Private banks will remain the better option for some wealthy borrowers. Rates can be lower – from 2.1 per cent for the right clients – but most will expect the borrower to transfer assets under management to secure the rate.

“The large loan market requires specialist advice and understanding of its complex nature. The answer may be on the high street but in our experience, it often isn’t,” said Adrian Anderson of Anderson Harris, the Mayfair-based broker.

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