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# Rich borrowers look to the high street for loans

Private banks spurned due to strict terms

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Barclays: bigger loan offer (Carl Court)



**BORROWERS** of £1m-plus mortgages are returning to high street lenders as private banks add strict conditions to the small print of deals.

Last week Woolwich, the mortgage brand of Barclays, raised the maximum loan size to £2m, up from £1.5m.

It lends on an interest-only basis but requires a 50% deposit if the debt will be cleared by selling the property, or 25% for a repayment plan such

as professionally managed investments. The lender has a two-year fixed rate at 2.19%, with a fee of £1,995, for those with a 35% deposit.

However, the best-buy deal for larger loans on the high street is from Chelsea building society at 1.74% for a two-year fix with a £1,825 fee, if you have a 40% deposit. It will lend up to £5m directly from branches, online or over the phone. It requires a 25% deposit for interest-only deals.

Halifax, part of the Lloyds Banking Group, will lend up to £7.5m, but it does not offer interest-only deals on larger loans and the rates are uncompetitive.

Brokers say richer borrowers are turning to high street lenders because private banks typically require homeowners to transfer investment assets and impose strict conditions on loans.

Wealthy borrowers had been attracted to private banks by the rock-bottom rates. UBS, the Swiss bank, charges 1.6 points pegged at overnight Libor, the inter-bank lending rate, which is currently 0.48%, so 2.08%, for a five-year deal.

However, Adrian Anderson of Anderson Harris, the broker, said: "Private bank mortgages often have conditions that might not be in the contracts of conventional mortgages."

Private banks typically demand that borrowers transfer assets such as investments of at least £1m and in some cases up to 50% of the value of the loan.

However, the small print on such deals can be very onerous. Ian Gray of Largemortgageloans.com, another broker, said: "We have seen one private bank insist that the loan is repaid in full if the client's investment assets fall under £3m."

Anderson said it was common for mortgage contracts to include small print requiring clients to pay down the loan to maintain a minimum equity stake when the property's price falls.

Last month Investec, the specialist bank, launched deals aimed at qualified professionals and said it would take up to 100% of bonus income into account when deciding applications.

However, Investec's rates are not competitive. It has a two-year fixed-rate deal at 3.19%, with a £1,245 fee, on loans up to £500,000 for borrowers with a 35% deposit.

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