



Homebuyers find lending in doubt after sales restart

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Thousands of homebuyers could have their mortgage offers withdrawn or reviewed after sales stalled when the property market went into lockdown.

As of yesterday removal companies and conveyancers were allowed to operate, and show homes and estate agents could open their doors. Within five hours of the resumption Rightmove, a property portal, reported a 45 per cent rise in traffic, 70 per cent more email inquiries for viewings and 2,115 new listings.

Jeremy Gee, managing director of Beauchamp Estates, an estate agent, said: "This restarting of the London housing market will now unlock three big deals, each over £10 million, in Belgravia and Knightsbridge."

About 373,000 property sales were stalled when the lockdown was imposed, according to Zoopla. Most would have had mortgage approvals either agreed in principle or formally offered.

However, millions of workers have had their pay cut, or been furloughed or made redundant, and banks are poised to reassess many loans, some even after contracts have been exchanged.

All the big banks are asking customers with mortgage offers to get in touch if their circumstances have changed during lockdown, and they will reassess whether the loan is still affordable.

The one in seven existing borrowers who have taken mortgage holidays, during which payments are deferred, can expect their circumstances to be reassessed when the lockdown ends.

Sarah Coles, of Hargreaves Lansdown, said: "Mortgage lenders are free to withdraw their mortgage offer even after you've exchanged contracts. They can do it if they believe the value of the property has dropped significantly or if your circumstances have changed and they no longer consider you an attractive mortgage customer.

"We know that some people had their mortgage pulled while the market was frozen. Others had mortgage offers expire while they waited for the market to reopen. You may need to apply again, and valuations could end up taking longer as surveyors enforce social distancing."

Four out of five surveyors have seen sales fall through in the past month, according to a survey by the Royal Institution of Chartered Surveyors.

Miles Robinson, head of sales at Trussle, an online mortgage broker, said: "Some lenders have launched furlough policies . . . asking employers to confirm the status and income of furloughed staff."

Banks are also reassessing loans to people whose income includes bonuses. Paul Welch, chief executive of largemortgageloans.com, said: "Some lenders are withdrawing offers where bonuses are an essential element of their income despite some people like traders making more money than usual during this market volatility."

UK Finance, the industry body, said: "Under Financial Conduct Authority rules lenders must lend responsibly and consider the affordability of the mortgage in the long term. It would not be in the customer's interest to lend more than they can reasonably afford. That is why a detailed income and expenditure assessment is undertaken."

Separately, the Royal Institution of Chartered Surveyors has reported that a recovery in house prices may lag behind a rebound in sales now that England's property market has reopened.

The findings, which were reported in RICS's UK-wide April survey, revealed that property professionals believe that prices will take 11 months to recover, while sales will take about nine months. The study also found that 35 per cent of property professional believe that prices could be left up to 4 per cent lower on the reopening of the market.

"Not surprisingly, the latest survey shows that housing activity indicators collapsed in April, reflecting the impact of the lockdown," Simon Rubinsohn, RICS chief economist, said.

"Looking further out, there is a little more optimism but the numbers still suggest that it will be a struggle to get confidence back to where it was as recently as February. Moreover, whether this can be

realised will largely depend on how the pandemic pans out and what this means for the macroeconomic environment.”

Q&A

Can I renegotiate the offer I have on the property I want to buy?

Estate agents are reporting an increase in gazundering, renegotiations of offers that have been accepted, although few sellers are accepting. It is a gamble because you may lose the home you want to buy, although you could save money if the seller needs to accept the offer. If your new offer is accepted, be aware that your mortgage lender may revalue the property and reassess your mortgage.

How much you can renegotiate will depend on your buyer but most estate agents estimate a fall in the market of between 5 and 10 per cent, so this could be a starting point. Be aware though that some homes, such as those with large gardens, may be more desirable after lockdown and the seller may want to increase the asking price.

What precautions should I take to allow someone to view my home?

The government says: “If people are being shown around your home, you should open all internal doors and ensure surfaces, such as door handles, are cleaned after each viewing with standard household cleaning products.”

The guidelines also emphasise that homeowners must provide handwashing facilities, with paper towels, to everyone who enters their property, whether buyers, estate agents, surveyors, tradespeople or removers. They must not, on the other hand, offer refreshments. Most agents have stocked up on protective equipment, and you may be asked to stay in the garden during a viewing.

I am over 70, can I move now?

Low-risk moves can go ahead, such as if the property you are going to is empty, you can use your own transport for all travel and you can maintain social distancing. However, the government says that “all parties . . . should prioritise agreeing amicable arrangements to change move dates for vulnerable people or those shielding, or where someone in a chain is in this group”, meaning some buying chains may stay frozen.

<https://www.thetimes.co.uk/article/homebuyers-find-lending-in-doubt-after-sales-restart-7w6xcbdxr>