

# What do later life borrowers want?

Later Life Lending Event  
November 2017

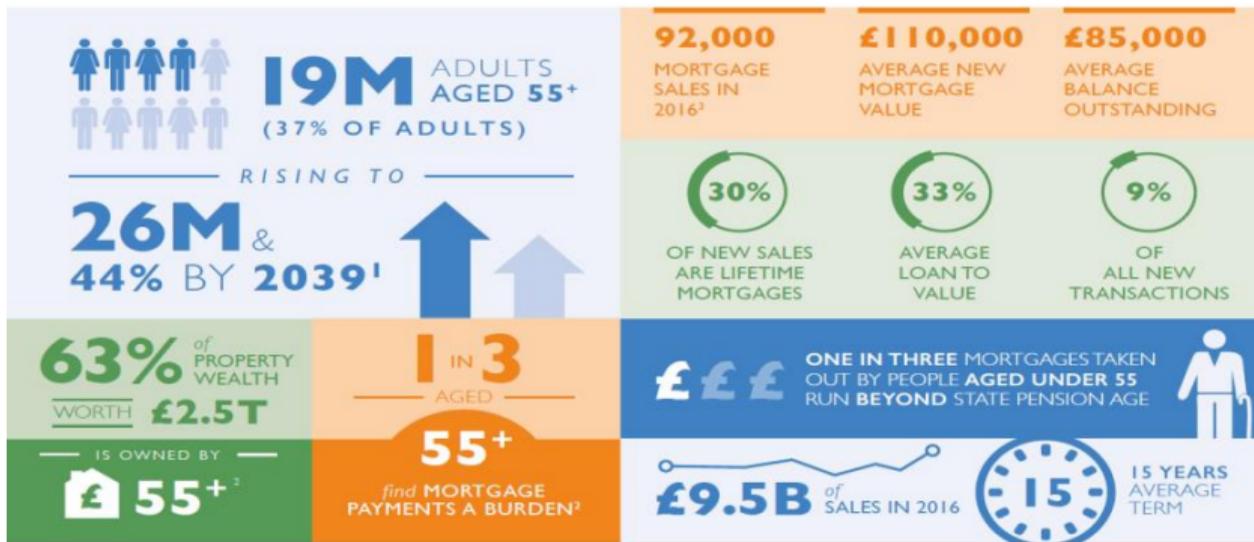
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# A growing market

## Interim Findings

Advice for older mortgage borrowers:  
Current picture, future potential

1 ONS population projections | 2 ONS Wealth & Assets | 3 CML mortgage data

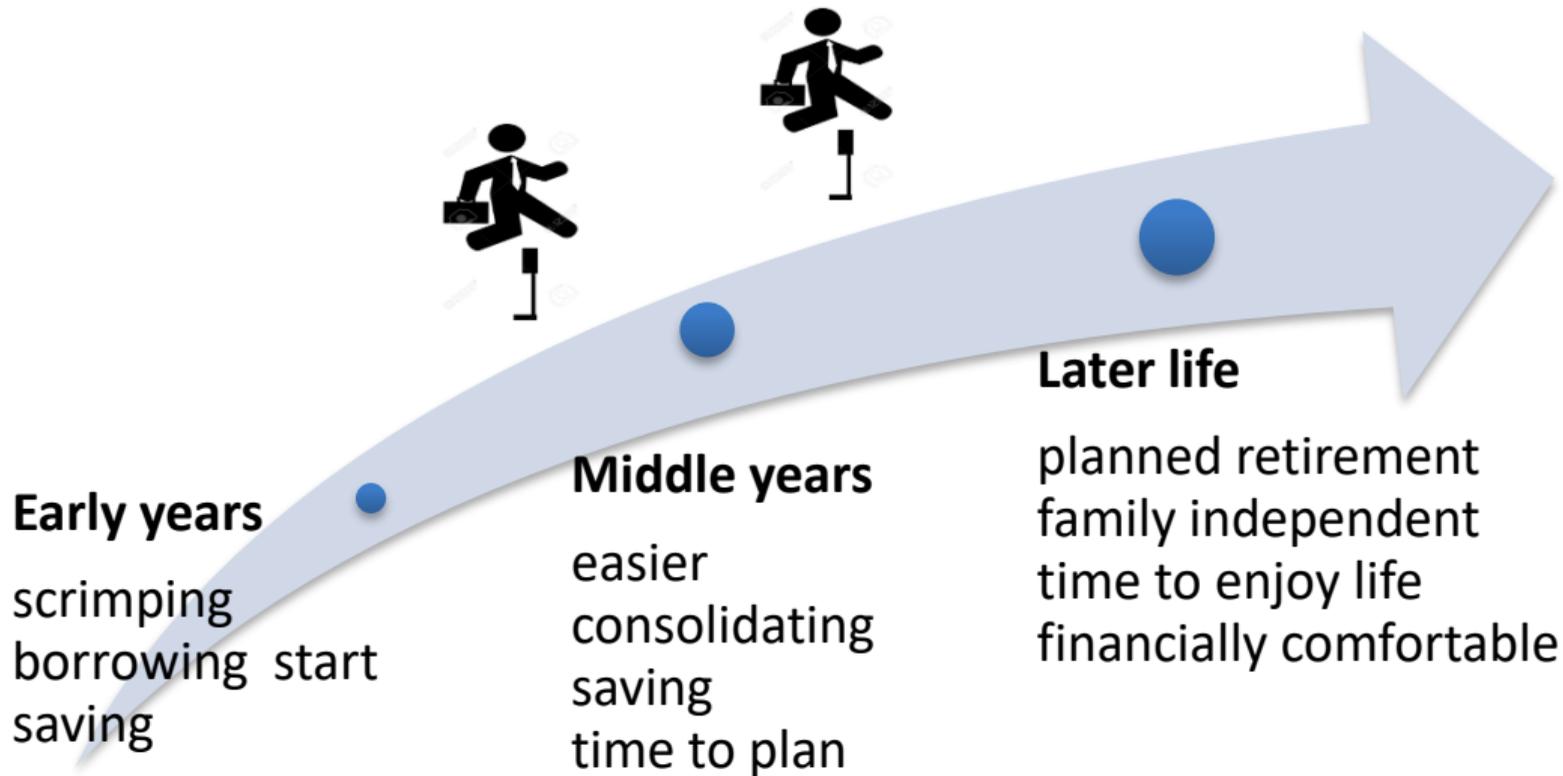


# Underlying attitudes

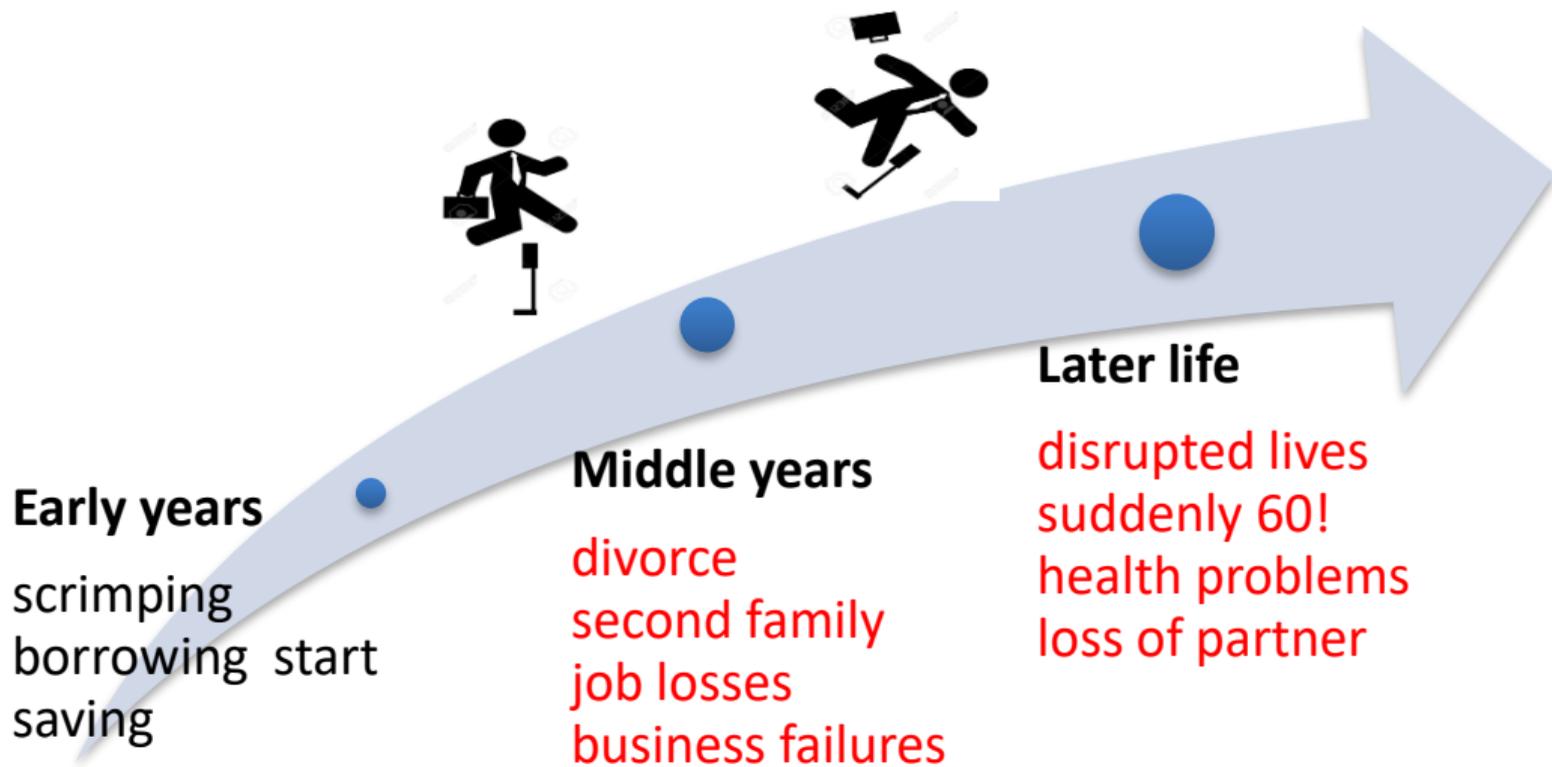
- Proud of being home owners, the reward for hard work over the years
- Property as investment, but also very much their home
- Owning home seen as the best way to get and keep control
- More comfortable with borrowing than their parents
- Financial services industry scandals had left them suspicious

... so their need, particularly in relation to their home, was to remain **firmly** within their comfort zone

In as much as they planned for their retirement, they expected



But their experience was much more complex



## A new consumer mindset

*"It's a crazy amount of money (tied up in the property) ... so we may as well use it"*

*"We've had to struggle, why should we live a pauper's life... Our children comfortable, they have good jobs"*

*"Very nervous"*

## Fragmented and complex journey

- Poor understanding of their own goals
- Limited understanding of products available
- Few peers with positive experiences that they share
- High street branches seen as first port of call
- Expect to be treated as valuable customers
- Experience for some is quite different
- Then either:
  - Frustration and delay, or
  - Panic and a rush to equity release follows

# Adviser firms conspicuous by their absence



First point of call – their lender



If the existing lender can't or won't help –most, not sure what to do



Almost all reported avoiding financial advisers / brokers



Having to get advice confirms suspicions that decision is complicated and risky



Those who had used ER specialist advisers confused about lender v adviser roles

## Advice and lending silos

- ❖ Residential lenders & brokers don't provide advice on lifetime
- ❖ Few signpost / refer to lifetime mortgage lenders / advisers
- ❖ Brokers may be put off older market
- ❖ Cost of delivering advice can be high
- ❖ Procurement fees may distort market
- ❖ Information and guidance services need to be more joined up in support for later life borrowers

## What consumers would like...

- ❖ Well known, secure brands
  - ❖ Ideally a high street presence
  - ❖ TV advertising helps
  - ❖ Need reassurance that not 'loan sharks' or scams
- ❖ Mainstream lenders who are able to offer all options
  - ❖ Residential mortgages
  - ❖ Equity release
  - ❖ Comparisons between two

*"I'd feel safer with someone like Nationwide and with a mortgage – the old fashioned way."*

## What consumers would like...

- ❖ Ideally in-branch or at home help
  - ❖ Face-to-face ideal
  - ❖ Phone acceptable alternative
  - ❖ Backed up with on-line info
- ❖ More than just advice
  - ❖ Comparisons
  - ❖ Understanding the benefits and risks
  - ❖ Understand the costs
  - ❖ Understanding what happens in different future scenarios
- ❖ Tailored to older people
  - ❖ Not patronising
  - ❖ Listening to needs and concerns

*"I'd need it explaining... if I was sitting with them either in their office or my house, I'd want to see graphs."*

*"Sit down and talk to me."*

## What consumers would like...

- ❖ Strong, positive peer group references
- ❖ Help / advice from someone who has been through this

*“I’d want to hear about the experiences of others and help from someone who had been through it.”*

## Lenders, advisers, guidance services, regulators need to work towards

- ❖ More integrated:
  - ❖ guidance and information
  - ❖ support and advice aimed at older borrowers
  - ❖ back-office systems
  - ❖ Incentives
- ❖ Use of signposting / referrals
- ❖ Different approaches to affordability / repayment
- ❖ More flexibility in lifetime mortgages