MORTGAGE PROFESSIONAL

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Society of Mortgage Professionals
Chartered Insurance Institute

FORWARD MOMENTUM

As the mortgage sector jolts back into life, professionalism has never been more important

A helping hand
The impact of the Help-to-Buy extension

On guard
The fight against increasing mortgage fraud

Negative feedback
Are negative interest rates on the horizon?

EMBRACING THE CHALLENGES

Laura Gauden introduces her role as part of the SMP and describes how the Society has been helping members find new ways to continue to provide high-quality advice to customers

Welcome to the new edition of *Mortgage Professional*. My name is Laura Gauden and I am the new national account manager for the Society of Mortgage Professionals. I meet with, and work with, businesses across the profession, from mortgage and protection firms to lenders and distributors.

My overarching aim is to support firms and organisations to drive professional standards within the sector and to make sure the consumers see members of the SMP as the professional place to go when seeking mortgage advice. Offering guidance and support for all learning and development undertaken in the sector helping to further demonstrate knowledge, professional ethics and a customer centric culture.

My goal is championing the value of holistic professional mortgage advice and I do this as part of a national team, all here to help and support your business. As a profession, building confidence in our services and earning the trust of our customers has never been more important. High quality, professional, holistic advice is essential and our members do provide that. For those customers who do not have a trusted adviser, how do they find one? This is one of the many reasons we have recently launched SMP Associate Firm status. See David Thomas's article on page 8 for more detail, why not become an associate firm of the SMP and promote your professionalism as a firm to new and to existing clients?

What a year 2020 has been so far, probably one of the most challenging years I have seen in my career and that is saying something! We have always worked in an evolving sector, but the challenges of Covid-19 really have tested our business – and mental strength. I have been delighted to see so many embracing the challenges and finding new ways of continuing to provide high quality advice to their customers.

Our events have moved to the virtual world for the rest of this year, however, we are planning, subject to government advice at the time, to recommence our valued face-to-face events early in 2021.

EXPANDING YOUR KNOWLEDGE

Holistic mortgage advice brings with it not only the regulatory minimum qualification but also protection, equity release and later life knowledge. These markets are ever growing and evolving and the need for advice into later life is becoming more prevalent. Many mortgage advisers are already equity release qualified but if you are yet to venture into this sector then we can provide you with the options open to you, whether you are qualified with the CII already or even if you are qualified with another awarding body we could recognise your existing qualifications. Get in touch for more details if you are thinking of expanding your advice to include these other key areas.

More business principals are asking me about the benefits of apprenticeships, especially with the current government incentives, and there is a common misconception that these are just for the young. We now have an established Mortgage Apprenticeship Scheme that is growing in popularity and this can be used for new recruits or existing staff looking to change role. Also keep an eye out for our good practice guides as we produce more of these in key areas, most recently *offset mortgages* and *how to spot and prevent mortgage fraud*. I hope you enjoy the new ezine and I look forward to meeting many of you in the coming months, even if that is initially virtually. In the meantime, do get in touch if I can be of any assistance to you and your business: **laura.gauden@smp.org.uk**

__Laura Gauden__ is national account manager for the Society of Mortgage Professionals

WILL THE STAMP DUTY HOLIDAY TEMPT BUYERS BACK?

Mortgage companies generally welcome any government incentive that encourages house buying, but is the stamp duty holiday enough? **Liz Booth** reports

Mortgage advisers have generally welcomed the stamp duty holiday announced in July by UK Chancellor Rishi Sunak, but the holiday comes with some drawbacks and the question is whether it will be enough to tempt buyers into the market.

The housing market faces a period of real uncertainty, and [the Chancellor] wants to get it moving. The fact he feels intervention is needed raises a point of caution in itself

Some property experts are predicting it means nearly nine out of 10 transactions will no longer be subject to stamp duty and the average stamp duty bill will fall by £4,500. And in London and the South East, home to more expensive properties, buyers could save up to £14,999 overnight.

Property company Zoopla said: “Our calculations in April showed that housing transactions could be down by 50% this year” and so welcomes any incentive. But it points to the use of the word holiday, which gives would-be buyers an impetus to act because it’s not a permanent change.

However, property expert Phil Spencer has warned of concerns about what will happen at the end of the stamp duty holiday period, in March next year, worrying it’s going to be a “cliff edge” and predicting a huge drop in the market as soon as the deadline hits.

And Martin Lewis, of MoneySavingsExpert said the current mortgage freeze means that many first-time buyers will have to stump up much bigger deposits. On top of that, there is the looming recession and ongoing uncertainty over house prices, he said.

“The housing market faces a period of real uncertainty, and [the Chancellor] wants to get it moving. The fact he feels intervention is needed raises a point of caution in itself. Plus of course, as the stamp duty rise is temporary, it could cause a demand bubble.”

Sean Randall, a partner at lawyers Blick Rothenberg echoes that, warning: “Many economists have said that we are entering the deepest global rescission since records began. If the UK government’s efforts to stem rising unemployment fail, property prices may fall.

“It is possible people will wait until the start of next year to try to benefit from the holiday and a fall in property prices. One thing is certain: the volume of sales will fall significantly once the holiday ends.”

He points out that non-residents purchasing dwellings after 1 April 2021 will be particularly hit. They will lose the holiday and suffer an additional 2% surcharge. This means that if they purchase an additional dwelling after 1 April 2021, they will suffer a total surcharge of 5% (3% plus 2%).

Mr Randall also stresses past experiences, saying: “The aim of the holiday is to maintain confidence in the housing market following the coronavirus pandemic. The jury is out on whether it will achieve that aim. The experience from past stamp duty holidays is mixed.

“They accelerated transactions but did not increase the number of transactions and sellers tended to benefit by almost half of the stamp duty saving by increasing prices.”

However, on a more optimistic note, both he and Mr Lewis suggest the potential ‘multiplier’ effect is possibly more significant. “The housing market supports many jobs

from home furnishing retail to home removals, tradesmen to estate agents, etc. This measure is part of the plan to save jobs," says Mr Randall.

But what are the professional investors saying. No surprise really but property investment house RW Invest is bullish, suggesting: "If you are a first-time buyer in the UK property investment market, or even considering building your portfolio without investing money in the stock market, the time to start investing in UK property is now.

"While past statistics have shown that property prices tend to drop following rocky periods, this period of low growth is often short-lived. The property market has shown time and time again how resilient it can be and many savvy investors are taking advantage of recent economic changes that can help them get the most out of their investment."●

Liz Booth *is contributing editor to SMP*

THE CHANGES

Residential Rates on purchases from 8 July 2020 to 31 March 2021

If you purchase a residential property between 8 July 2020 to 31 March 2021, you only start to pay SDLT on the amount that you pay for the property above £500,000. These rates apply whether you are buying your first home or have owned property before:

Property or lease premium or transfer value	SDLT rate
Up to £500,000	Zero
The next £425,000 (the portion from £500,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

From 8 July 2020 to 31 March 2021 the special rules for first time buyers are replaced by the reduced rates set out above.

ADDITIONAL PROPERTIES

Higher rates for additional properties

The 3% higher rate for purchases of additional dwellings applies on top of revised standard rates above for the period 8 July 2020 to 31 March 2021:

Property or lease premium or transfer value	SDLT rate
Up to £500,000	3%
The next £425,000 (the portion from £500,001 to £925,000)	8%
The next £575,000 (the portion from £925,001 to £1.5 million)	13%
The remaining amount (the portion above £1.5 million)	15%

LEASEHOLD

New leasehold sales and transfers

The nil rate band which applies to the 'net present value' of any rents payable for residential property is also increased to £500,000 from 8 July 2020 until 31 March 2021:

Net Present Value of any rent	SDLT rate
Up to £500,000	Zero
Over £500,000	1%

Companies as well as individuals buying residential property worth less than £500,000 will also benefit from these changes, as will companies that buy residential property of any value where they meet the relief conditions from the corporate 15% SDLT charge.

● On the 1 April 2021 the reduced rates shown will revert to the rates of SDLT that were in place prior to 8 July 2020.

Source: gov.uk

HOME HELP

As the government prolongs the Help-to-Buy scheme, **Aamina Zafar** finds out what the extension could mean for advisers

The two-month extension to the Help-to-Buy (HTB) scheme still "leaves significant gaps for the new build market", an expert has warned.

Association of Mortgage Intermediaries CEO, Robert Sinclair, argues that there is still a "gaping hole in the market" and "a lack of joined up government thinking", which the current two-month extension does not solve.

This comes as the UK government extended the HTB deadline for the construction of homes to be completed by the end of February 2021 to comply with the equity loan scheme.

Mr Sinclair says: "The recent extensions allowed on HTB leaves significant gaps for the new build market. As new homes need to be completed by year end, or by end of

February by exception, to qualify for the existing scheme with current build out rates, few current plots qualify with any certainty. Completing existing commitments is the priority for builders. As the new scheme is not realistically available for applications until October with first completions from April 2021, there is a gaping hole in the market, at a time when the chancellor has tried to provide real impetus. The stamp duty reductions should mean a boom. Instead there is a void due to a lack of joined up government thinking on this key topic."

The HTB scheme had been expected to close at the end of the year, but a delay in construction work due to the pandemic left thousands of homebuyers fearful they may miss the deadline.

Lobbying then forced the government to extend the deadline for new homes to be built by 28 February 2021.

The announcement was made in August by The Ministry of Housing, Communities and Local Government, which confirmed that the new scheme will still commence with bookings from October for completions from April 2021.

The deadline for the legal completion of the sale remains the 31 March 2021.

Despite reassurances from Christopher Pincher, MP and housing minister, that the extra leeway "will provide certainty for HTB customers whose new homes have been delayed due to coronavirus", mortgage expert Ricky Chan believes the two-month allowance is not enough to actually help.

The director and Chartered financial planner at London-based IFS Wealth & Pensions, says: "On the surface the scheme sounds like a big help, but, in reality it does probably causes more additional problems than it solves. This is because the two-month extension only relates to the build completion of the new homes and not the legal completion date of the purchase. In other words, the deadline for new homes to have been finished to qualify under the HTB scheme has now been extended to 28 February 2021 but deadline for the legal completion of the purchase remains the same – 31 March 2021.

"Time will tell but it's likely that this two-month extension would not be sufficient. By not simultaneously extending the legal completion deadline, we may have a perfect storm brewing that could cause massive headaches for all stakeholders involved. This would be due to many last-minute build completions by developers (who have already lost around three months' build time), which would lead to many last minute valuations and stretching the resources of many lenders that have already seen turnaround times and services levels creep up post-lockdown; increased number of buyers rushing to complete due to stamp duty 'mini-holiday' also ending on 31 March 2021; last but not least, a possible second wave of rising Covid-19 infections could throw another spanner in the works," says Mr Chan.

"Advisers should be telling clients not to wait – if they want to take advantage of the stamp duty savings, they should ensure everything has been adequately submitted to lenders well before the deadlines. For new cases, it may be worthwhile for clients to pay more attention to developer's estimated build completion date and factor that into their buying decision if they have a choice of properties," he concludes.

FALLEN THROUGH

According to the Home Builders Federation, around 18,400 sales would have fallen through had the deadline not been pushed back.

Ray Boulger, senior mortgage technical manager at John Charcol, said advisers will now play a crucial role in helping their clients navigate through the changes.

He says: "For advisers the main additional challenge is likely to be helping clients manage the new deadlines, especially where developers have given an over optimistic completion date. Clients should be warned about the risks of completing on a home not properly finished just to meet the deadline and should be recommended to speak to their solicitor about options to protect their interests in that situation.

"Some clients whose completion date is delayed, including those extended beyond March, will need their mortgage offer extended and the sooner this is addressed the better, although most lenders are likely to be helpful wherever possible in view of the circumstances," says Boulger.

The new deadlines are important because the HTB scheme in England will change significantly from April 2021. The current scheme faced allegations of driving up the value of new-build homes, which led to government reform. From next April, the scheme will be limited to first-time buyers and have regional price caps, which will range from £186,100 in the North East to £600,000 in London. This means developers will need to ensure any homes they build adhere to the new thresholds, or cease selling properties through the scheme. ●

***Aamina Zafar** is a freelance journalist*

WHAT IS HELP TO BUY?

The HTB scheme was launched in 2013 by the UK government to help people who could afford the mortgage repayments but could not save enough for the deposit required.

Under the equity loan scheme, buyers only need a 5% deposit. The government then lends up to 20%, rising to 40% in London, of the total value of the property.

Applicants must buy a new build home to qualify.

The loan is paid back to the government when the buyer sells the property. If they decide not to sell, repayments start in the sixth year at a rate of 1.75%. This rises each year, in line with the retail price index inflation rate plus 1%.

Some 273,000 homes have been purchased through the scheme, with first-time buyers paying an average of £305,414 according to the latest statistics published in March 2020.

GETTY

STRIVING FORWARD

David Thomas reflects on a challenging time for the mortgage market and highlights why it has never been more important for firms to commit to high standards and professionalism

Since Covid-19 hit UK shores at the beginning of the year, the mortgage market has been a complete roller coaster of a ride. As Britain went into lockdown in March, business levels were buoyant with products competitively priced, new lenders entering (or considering entering) the market and lender competition strong.

Within hours of lockdown, the purchase market effectively closed. Valuers were prohibited from entering properties at one end and completions suspended at the other. Some lenders put considerable effort into development of their desktop valuations and, for lower loan-to-value mortgages, this definitely helped, but literally hundreds of mortgage brokers and support staff were furloughed as activity ground to a halt.

Some seven weeks later, with the lifting of both valuer and completion restrictions, the market started to re-emerge. By this time, lenders were taking stock of potential issues "down the line" from a credit perspective: what are the prospects for employment both nationally and by sector? How has Covid-19 affected mortgage applicants? Were they placed on furlough? Will they have a role into the future? How has that affected affordability? Did they build up short term credit over this period? Did they take a mortgage holiday?

A huge number of questions for all market participants to consider – lenders, advisers and, of course, borrowers.

Coupled with these considerations, early indications from Savills were that house prices could fall by up to 7.5% in the following 12 months, raising further lender concerns at high loan-to-value lending. This manifested itself in 90% of deals being withdrawn, particularly impacting first time buyers.

Addressing these concerns, the government took action with the suspension of stamp duty predominantly affecting deals of up to £500,000 and this has seen an immediate impact, with demand suddenly increasing – indeed we have seen a number of cases of gazumping, both in London and outside.

I mention London because there was (and perhaps still will be) thinking that with the new ability to work from home, many Londoners may take the opportunity to move "into the country". To date this has not manifested, perhaps because city life still has a draw for many.

While many furloughed staff enjoyed a warm and sunny summer, I am aware that some felt very uncomfortable – being out of their employment control and questioning whether their role would still be there. There is no doubt that some employers used this to weed out some "dead wood", but some advisers have treated this as an opportunity to move into a self-employed network world – perhaps an odd decision in these very uncertain times.

MARKET

So where now for the market? It does seem that stamp duty has given an impetus, albeit in the short term. If we see a "second wave" of Covid-19, then this will inevitably have further impact, but uncertainty is clearly the watchword for the time being.

With times as uncertain as they are, it has never been more important for firms providing mortgage advice to be able to demonstrate they are committed to high standards, professionalism and have a customer centric culture. Therefore, at the Society of Mortgage Professionals (SMP) we have launched the Associate Firm status.

Becoming an Associate Firm publicly aligns your firm with these objectives as we collectively strive to elevate the importance and value of mortgage advice.

With a principles-based ethos, this new status also introduces several benefits which can help you strengthen your firm's reputation within the market. It allows your firm to publicly display your membership and show your increased commitment to professional standards. This can be used to help differentiate you from competitors who perhaps do not have the same level off commitment and belief to such high standards.

You cannot suddenly obtain large numbers of online reviews if this has not been something you have done in the past, but you can display a mark of standards and professionalism to those customers who may be researching you online.

As individuals and firms, we have the power to build confidence in our services and earn the trust of our clients; but it is only by uniting behind a shared vision that we can influence the future direction and trust of our sector. Everything we do at the Society of Mortgage Professionals centres around standards, professionalism and trust. Your support will help us achieve the recognition that our professional sector deserves.

For more information about becoming an Associate Firm or anything else the SMP can support you with, please contact our national account manager Laura Gauden: **laura.gauden@smp.org.uk** **07833 586358**.

__David Thomas__ is chair of the Society of Mortgage Professionals

BELOW ZERO

What would a negative base rate mean for the mortgage market? asks **Simon Pearce**

Though Bank of England governor, Andrew Bailey, has stated that "we are not planning to use them at the moment", he is clear that negative interest rates (NIR) are one of a set of tools "under active review" and described the latest Monetary Policy Report which looked at the pros and cons as "the most extensive assessment we have ever done."

The report fought shy of going negative in 2008/2009 for fear that it would make banks less profitable. Mr Bailey has also warned that it would be a "significant operational undertaking for firms" with changes to computer programmes, contracts and customer communications. But Covid-19 has wrecked more havoc than the financial crash and there has been a marked improvement in banks' capital ratios since 2008.

"The evidence across Europe suggests that while NIRs encourage more lending

they don't necessarily lead to much lower mortgage rates" notes Miles Robinson, mortgage broker Trussell's vice-president for sales and operations.

"Cheaper mortgages? Only if we had bank rates at -1.0% or more – and that isn't likely," adds Ray Boulger, senior mortgage technical manager at John Charcol and a member of the Bank of England's Residential Property Forum. "Lender margins have come under pressure. Only a big cut would make a real difference."

But, adds Mr Boulger, NIRs might encourage lenders to relax some lending criteria: "Slightly higher risks would be acceptable because the alternative is to lose money. After all, the Bank of England would charge banks to deposit there."

Royal London personal finance specialist, Becky O'Connor, reports that: "It feels like a very big deal for lenders given the state of the economy. They were squeezed even before the pandemic. The appetite is there but it would depend on where they were in terms of individual profit margins. And borrowers are nervous too: the furlough scheme comes to an end in October, as do payment holidays."

Ms O'Connor sees NIRs leading to further decoupling of base rates and new rates available on the market. "Only a handful of borrowers would end up with really good deals. And, of course, most tracker mortgages these days have a 'collar' which stops the lender having to cut the rate at all," she says.

Where lower rates were offered, we might see slightly higher arrangements or shorter terms, say two years rather than five on lower rate deals. NIRs would lead to attractive rates at lower deposits disappearing more rapidly than they already are.

"Lenders have seen the direction of travel," says Mr Robinson. "Trackers now offer pretty much the same deal as fixed rates because lenders are pricing at a higher margin over base. Most run for the life of the mortgage and the flexible ones are priced accordingly."

> **THE UNCHARTED TERRITORY OF A NEGATIVE BASE RATE COULD LEAD TO BANKS MAKING MORE LOAN DECISIONS ON A CASE-BY-CASE BASIS. THAT WOULD MAKE LIFE HARDER FOR ADVISERS**

Both he and Mr Boulger see little or no impact on mortgage defaults as these have more to do with lifestyle factors and the state of economy than interest rates. Nor are NIRs expected to drive increased sales of protection policies. Ms O'Connor remarks that such sales have been rising in recent months "independently of what's happening in the housing market".

ACTIVE MARKET

Mr Boulger observes that "what's good for advisers is an active market": NIRs might boost volumes and remortgaging could become more attractive. But Ms O'Connor is concerned that going into "the uncharted territory of a negative base rate could lead to banks making more loan decisions on a case-by-case basis. That would make life harder for advisers".

Mr Robinson foresees "a greater focus on affordability. Borrowing might be a little cheaper but not necessarily easier". He does not rule out the possibility of some lenders increasing rates as their risk profiles change. After all, "this is a time when first time buyers struggle to get a 90% mortgage."

It would certainly be challenging for advisers to manage borrowers' expectations of a 'mortgage bonanza'. Mr Boulger's advice is "have a good answer to customers who think they could get paid to take on a mortgage!" Mr Robinson anticipates that brokers will need to show customers the whole range of other factors that have to come into play; and it will be about much more than base rate alone. ●

***Simon Pearce** is a freelance journalist*

KEEPING YOU AND YOUR BUSINESS SAFE

In any catastrophe, criminals are quick to take advantage and, as **Liz Booth** reports, Covid-19 is proving no different

Google recent cyber attacks and there is a frightening list of cyber victims from Spanish railway systems to multinational technology company Garmin and beyond.

Since the Covid-19 pandemic started and we almost all switched to remote working, cyber attackers appear to have changed their modus operandi and have deliberately targeted small businesses and new home workers in particular.

All businesses, including mortgage advisers are facing increased risk of cyber attacks as the Covid-19 pandemic forced changes in working patterns.

Hackers saw an opportunity to target new home workers and companies which may not have ensured cyber security remained in force, wherever people were working.

Jesus Mantas, an IBM executive, has been widely quoted in the past couple of weeks after he pointed to "a 6,000% increase in Covid-related spam" at the height of the pandemic.

The OECD warns the digital security risk is increasing as malicious actors take advantage of the coronavirus (Covid-19) epidemic. Coronavirus-related scams and phishing campaigns are on the rise.

The OECD suggests:

- Individuals and businesses should exercise caution when they receive coronavirus-related communications and use appropriate digital security "hygiene" measures (eg patching, use of strong and different passwords, regular backups, etc.).
- Treat with caution all communication related to the coronavirus crisis, even indirectly (eg teleworking tools) including emails, messages on social media, links, attachments and SMS.
- Keep computers, smartphones and other devices up to date with recent security patches.
- Regularly back up content, especially important data.

MORTGAGE FRAUD

But the problem for mortgage advisers is not just about Covid-19 and cyber-attacks. Late last year, Cifas produced a survey which showed mortgage fraud saw a 5% increase in the first six months of 2019 compared to the last six months of 2018.

Mortgage application fraud occurs when either false or altered documents are provided in support of a mortgage application (fraud by production of a false document increased by 14% and fraud by submitting altered documents increased by 32%), explained Cifas.

"Such applicants often provide false or altered bank statements and proof of income as a way to validate their income for mortgage applications," it said, adding "Interestingly, nearly half of those caught committing application fraud (45%) were aged between 31-40 years old, a 16% increase compared to the last six months of 2018. They were closely followed by those aged between 41-50 years old who saw a 6% increase."

Coincidentally, research carried out by Cifas and WPI Economics revealed that people in the 35-44 age category were more likely to think that exaggerating their income on their mortgage application was 'reasonable' than any other age group.

In terms of regional breakdowns, the West Midlands saw the highest increase in fraudulent mortgage applications at 43%, whereas cases in the North East rose by a third, it found.

One of the problems for those involved in the housing market is that it can attract organised gangs as well as the opportunistic fraudster.

For its Global Economic Crime and Fraud survey, PwC quizzed more than 5,000 respondents across 99 territories about their experience of fraud in the past 24 months. The respondents reported an average of six fraudulent activities per year - the most common types were customer fraud, cybercrime and asset misappropriation. And there was a roughly even split between frauds committed by internal and external perpetrators, at almost 40% each – with the rest being mostly collusion between the two.

The Payments Industry Intelligence 2020 Fraud and Financial crime report adds "Theft, fraud, deception, corruption, money-laundering... the possibilities for making and moving money illicitly are seemingly vast, often with low risk and high returns for the perpetrators. While financial crime can be committed on a small scale purely by ill-intentioned individuals, it more often extends to large-scale, highly organised operations.

"These larger networks can span international borders, often with close connections to violent crime and even terrorism. Financial crime is everyone's problem."

__Liz Booth__ is contributing editor of Mortgage Professional

TOP FIVE SCAMS

Top five scams in the UK
1. Boiler room schemes
2. Phishing scams & smishing scams
3. Pension liberation scams
4. Home buying fraud
5. Freebie scams

Source: FSCS

CYBER TRENDS

- The 81% of SMEs are increasingly fearful of a cyber-attack or data breach.
- 81% of UK SMEs confirmed that they had suffered a data breach or cyber-attack.
- Nearly 1 in 5 (17%) IT decision-makers surveyed have no cyber strategy in place.
- 76% agree that they are nervous about moving from an on-premise IT infrastructure to a cloud infrastructure due to fears of data security.
- 98% of IT decision-makers in SMEs educate employees about how to identify a cyber threat, with the most popular approach being a combination of external and internal training (32%).
- SMEs in the financial sector were more likely to suffer 3 or 4 breaches than any other sector at 50%.

Source: OGL Computer

CYBER READINESS

The Hiscox Cyber Readiness Report 2020 advised small business owners to:

- Do the basics well
- Follow a framework
- Don't penny pinch
- Invest in training
- Get management involved
- Build resilience

WHO'S ZOOMIN' WHO?

Andy Walton reflects on the huge uptake in video meetings during the pandemic and reveals why this method of meeting clients might be here to stay

Some of us will remember the 1985 Aretha Franklin song, "*Who's Zoomin' Who?*" (bit.ly/31frrgi)

Who would have thought it would be 35-years after the song was released that we would find out the answer to that question.

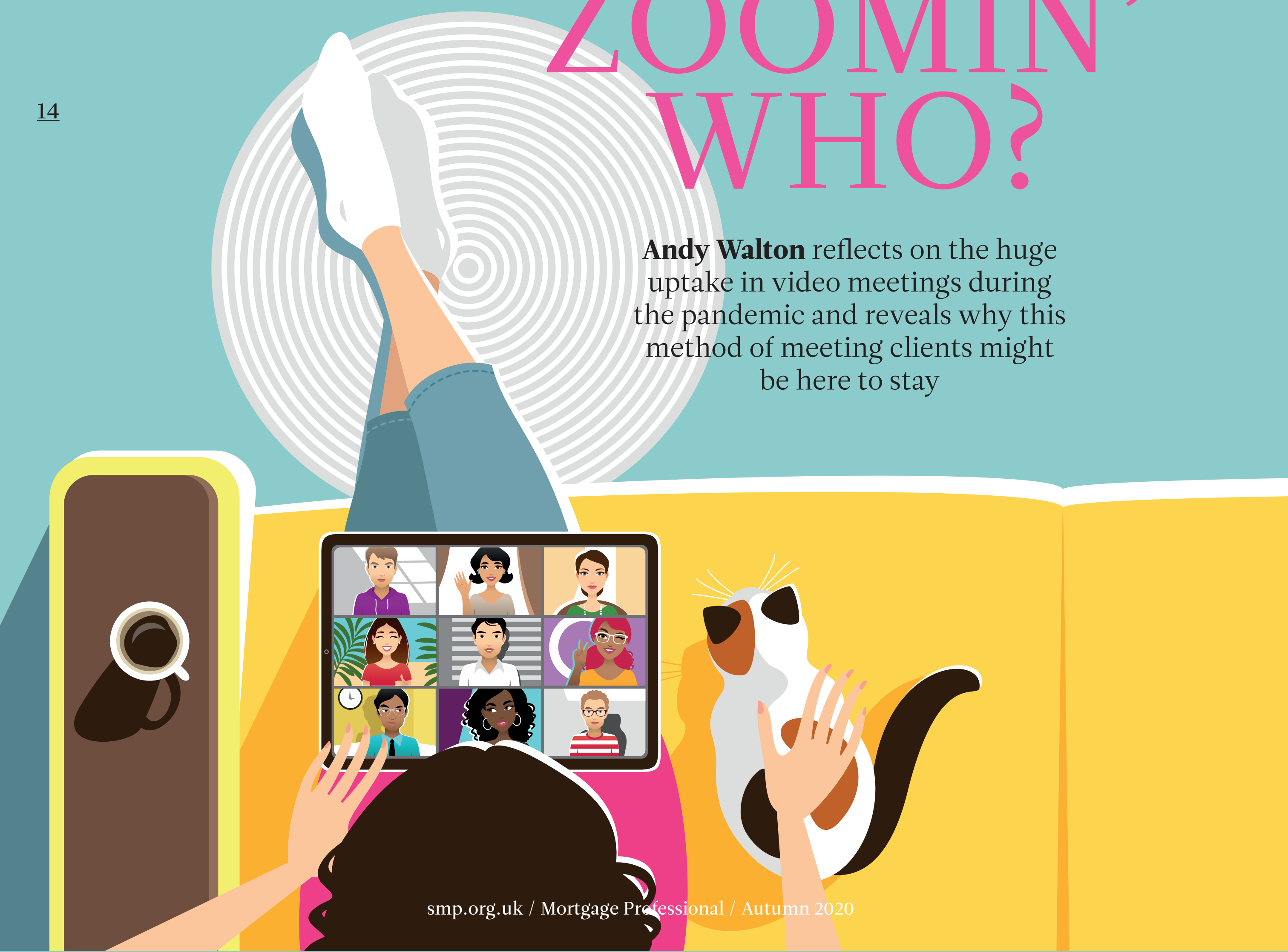
The answer, according to Zoom, is 300,000,000 daily meeting participants around the world.

It has seen an astronomical increase in demand during Covid-19 and if we included all other virtual platforms out there, such as MS Teams, Skype and Webex, to name a few, then this figure would escalate with many more hundreds of millions of people.

Who among us has not used some face-to-face virtual platform in the last few months with colleagues, friends and family? From the very elderly to the very young, everyone has suddenly starting using this technology. Is it a flash in the pan? Well it could have been if Covid-19 had come and gone quickly – but after six months we have got used to it – and learned to use it effectively.

So, how does this mass change of how we connect alter how we communicate when advising on mortgages and especially protection?

Well before Covid-19, there were really two main ways of communicating



with a customer and giving advice – face-to-face, or over the phone. Hardly any advisers regularly used conference call software.

But should we? And could these platforms replace face-to-face and/or phone-based advice?

The answer in many cases is yes.

FACE-TO-FACE

Clearly for some time to come, face-to-face meetings are going to be tricky.

So, what are the advantages of using video call platforms with customers when you might have given advice in person?

Firstly, time spent travelling is reduced and therefore time is freed up for both customer or adviser. Time is money and therefore this is surely a big advantage for everyone. Advisers could see more customers in the time saved.

Secondly, a video call allows you to share your screen and show customers information that can help them understand what you are advising. This could have been done face-to-face, however, it is not always easy to show customers your screen when you are sat behind a desk – and probably even more difficult if you are in their home. To do so, you would need them sat either side of you to show them information on your screen, which might not be particularly comfortable.

Finally, you could even allow the customer to take control of the screen – very easy to do this during a Zoom meeting – and the customer could input their own figures into a back-office system – or even input directly into a provider site the answer to health questions.

For these reasons, some face-to-face advisers will continue using conference call software even when the time comes that face-to-face meetings are possible again.

95%+

OUR EXPERIENCE SHOWS THAT 95%+ OF CUSTOMERS WILL AGREE TO A ZOOM MEETING

PHONE-BASED

A large percentage of advice is given over the phone. Some mortgage advice begins with a face-to-face meeting, but ends up with the protection being advised over the phone.

The advantages of advice given via a video call meeting rather than over the phone are huge.

If you think about it, phone-based advice is blind fold advice. Neither of you can see each other. It is difficult to share information instantly and attention spans are limited as there are no visuals. Furthermore, only one person is listening to you. But how many customers are buying the mortgage or protection? Very often, two.

Other advantages with video calls include:

- the customer is more engaged with the sales process.
- the customer will spend longer on a video call than on the phone.
- the adviser can see and gauge customer reactions – this is especially important with protection advice as it is in part an emotional purchase.
- the adviser can show the customer graphics, sales aids, data, provider information instantly and get feedback.
- the adviser can talk to both customers at the same time. Remember, the person arranging the mortgage might not be the person who is motivated to look at the protection.
- the adviser and customer can work through the underwriting questions much easier. What is monotonous and never ending now becomes far more engaging.

Persistency will almost certainly be better as people buy people. If I haven't seen you, I can't visualize you. I have only bought the product – I haven't really bought you as a person.

So when would you introduce the idea of video conference meetings? The answer is to have an initial phone call to gather some high-level information, then explain the rest of the process is on video chat. If challenged, explain the benefits.

Our experience shows that 95%+ of customers will agree to the video call meeting.

FINAL TOP TIPS

- Practice video calls with another colleague – it is currently unlimited and free to use from one computer to another.
- Get your settings right on the platform – they can help the experience.
- Get your background right – you can have a company image, office image, even the house they are thinking of buying as the image behind you.
- Get permission to record your video call meeting and review how you came across.

So, "who's zoomin' who?" The answer is – we all should be. ●

Andy Walton *is protection proposition director at Mortgage Advice Bureau*

Chartered Insurance Institute

21 Lombard Street,

London,

EC3V 9AH

cii.co.uk