



## Banks say 'no' to four out of five mortgage applications

### Charlie Weston

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BANKS and building societies are rejecting four out of five mortgage applications because they have tightened their lending criteria so much.

The results of a new survey contradict claims by banks that they are open for mortgage business.

A survey from the Select Finance Group, which provides back-office support services to financial advisers who provide mortgage finance, found that only around 20pc of applicants were able to secure home loans.

The study found that one in five mortgage applications were not even logged on lenders' systems, and were automatically discarded for failing to meet basic lending criteria.

And a further 20pc of applications were rejected because of the applicant's job, according to the survey.

Managing director of Select Finance Group Trevor Grant said that up to half of all lenders were "unofficially closed for new business".

He said a large number of mortgage applications were being rejected because of fears about the applicant's job security and constantly changing lender acceptance criteria.

The survey, which looked at all Irish mortgage lenders, found that the main reason for applications being rejected was the applicant's inability to prove long-term repayment capacity - 45pc of rejected applications failed to make the grade for this reason.

In 10pc of cases, applications

were being rejected due to a change in the applicant's financial circumstances during the application period, such as a pay cut or a job loss.

Mr Grant said that despite a number of lenders insisting it was "business as usual", this simply was not the case.

### Lending

Figures released last Friday by the Central Bank showed the rate of lending by Irish banks to businesses and households grew at the slowest pace in 15 years in March.

Mr Grant said: "It has become increasingly difficult for brokers to find a lender who will offer a mortgage to applicants who 12 months ago would have been ideal mortgage candidates."

Lending criteria have tight-

ened enormously, and brokers have learned that it is increasingly difficult to identify which lender is likely to look seriously at or approve each application, he said.

"Preparing for a mortgage application is no longer simply a financial purchase, but more akin to applying for the job of a lifetime."

One leading bank, asked last week about its lending policies, denied it was restricting credit.

Director of consumer banking at Bank of Ireland, Brendan Nevin, said: "Bank of Ireland does not have a policy of rejecting specific occupations."

He insisted each application was assessed on a case-by-case basis, with an assessment of repayment capacity the central factor when deciding on an application.