



Only one-fifth of mortgage applicants are securing loans

By Emma Kennedy

Up to four in five mortgage applications are rejected, according to new research. A survey from Select Finance Group, which provides back office support services to financial advisers who specialise in arranging mortgage finance, found that as few as 20 per cent of applicants were securing home loans at the moment.

The study of lender acceptance criteria 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. According to the Select Finance research, a further 20 per cent of applications were rejected because of the applicant's job.

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

In 10 per cent of cases, mortgage 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.

Recent Central Bank data showed that lending by Irish banks to businesses and households grew at the slowest annual pace in 15 years in April, standing just 2.4 per cent above the same month last year.

"This is indicative of what is happening in the Irish mortgage market," said Trevor Grant, managing director of Select Finance Group. "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 candidates."

Grant said lending criteria had tightened enormously and, although a number of lenders insisted that it was "business as usual", that was simply not the case.

"Preparing for a mortgage application is no longer simply a financial purchase, but is more akin to applying for the job of a lifetime," he said. "A hopeful applicant's mortgage CV needs to be professionally prepared

and word perfect."

Select Finance recently launched a new pay-as-you-go facility for mortgage brokers.

The service provides mortgage and underwriting expertise to enable brokers to identify the lender most likely to accept their client's mortgage application, and to tailor the application accordingly.

"We need a revival of Ireland's property market, and an increase in mortgage lending will significantly improve the state of the market and the mortgage industry as a whole," said Grant.



Trevor Grant