

Niche Personal Loans Article for May 2007

As we gallop through Spring with all the expectation that another Summer brings, the secured loans industry stands at a crossroads. Will it be a summer drought or will it be all Sea, Sand, Sun and Sangria.

The increasing interest shown in secured lending is certainly adding heat to the market. This is evidenced by the growth of this publication, and the increasing focus by competitor mortgage magazines on our sector. New lenders, more master brokers, more mortgage brokers doing secured loans, new IT systems to help with decisions and applications, combined with the growth of lead generation companies.

And more people interested in regulating the industry. Europe will have an impact this year. The OFT maintains its licensing and monitoring brief under the CCA and continues to implement the 2006 Act. The Competition Commission will review how the industry is financed. The FSA continues to look at how PPI is sold and how well firms are implementing TCF. FOS now has oversight over all complaints against the industry through one of its three jurisdictions. These bodies all have legislative jurisdiction. And finally FISA continues to act through a voluntary set of standards and rules that companies can opt into if they wish.

My job and that of the AFB is to put all of this in context and try to make sense of it for the members of the AFB. What is clear is that we are about to embark on a period of significant change. There will not be, nor should there be, a single silver bullet solution that will work for all. However, I am not hearing much discussion from within the broking community as to what they want their industry to look like. Many Brokers still expect the Lenders to "look after them". I hope they will. Some Brokers still do not take enough responsibility for the insurance they sell. But the Insurers and Lenders rely on all Brokers complying fully with ICOB.

As it gets warmer and warmer this summer, my hope is that we can move to simpler regulation. Can we establish what we want our industry to look like going forward? What do we want Lenders to manage and control? What relationships should exist, if any, between Brokers and Insurers? How do we get the public to understand the costs of surveys and loan deals that don't proceed to drawdown? Do Brokers still want commission from Lenders and Insurers, or do Brokers want to move to lower rates and charge fees for their services?

Are these questions to resolve over some Sangria or should we continue the drought and let others determine the fate of the industry?

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