

The Secured Loan Index

Aug 2012 Results

Secured Loan Lending up 50%

- Gross lending in August at £34.6m
- Lending up 6.1% on previous month

- Lending exceeds £30m for 2nd month in a row
- Lending in 2012 almost 50% higher than in 2011

The secured loan market has grown substantially in 2012, as lending figures in August revealed an increase of almost 50% on the same period last year, according to new data from the UK master broker, Loans Warehouse.

August lending figures showed that second charge lending in the UK increased from £24m in 2011 to £34.6m in 2012, representing 44.3% annual growth. This is the biggest increase the industry has seen for over three years, taking it back to pre-credit crunch levels (see table 1).

Table 1: Difference in annual lending 2009-2012 (%)

	Difference in Annual Gross Lending 2009-2012 (%)											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
2009-2010	-49.1	-50.9	-55.7	-57.5	-51.3	-45.2	-45.7	-58.5	-47.8	-60.0	-31.3	-46.7
2010-2011	-22.2	-32.1	-7.4	-5.0	26.3	13.0	12.0	9.1	20.8	-4.2	27.3	25.0
2011-2012	9.5	26.3	8.0	26.3	16.7	1.9	15.4	44.3				

*Source: FLA figures 2009- May 2012, Jun 2012- Aug 2012 data released directly to Loans Warehouse by UK secured loan lenders

Gross lending totalled £34.6m in August, a 6.6% rise from the £32.3m lent in July (see graph 1 below). This is the second month in a row where lending has exceeded 2009 figures (see table 2 opposite), and ending the 'Great British Summer' on a high.

Graph 1: Secured Loan Figures. (Source FLA up to May 2012)



Table 2: Total lending figures 2009-2012

		Total Lending: £(M)											
		Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
2009	53	57	61	47	39	42	46	53	46	60	32	30	
2010	27	28	27	20	19	23	25	22	24	24	22	16	
2011	21	19	25	19	24	26	28	24	29	23	28	20	
2012	23	24	27	24	28	26.5	32.3	34.6					

Matt Tristram, joint Director of Loans Warehouse comments:

"Will secured loan lending continue to smash £30m a month for the rest of the year? All our research is suggesting yes."

"According to recent reports, although it has been five years since the Northern Rock crisis, it has never been harder to get a mortgage. This distinct lack of appetite for risk in the first charge sector is forcing borrowers to seek finance elsewhere and these figures make it clear exactly where they are looking!

"Secured loans have started to see some recognition in the national media over the last few weeks, something we've not seen since the market unravelled. Both The Financial Times and the Daily Express gave a nod to the secured loans industry, when they noted consumers can take full advantage of the latest Government proposals surrounding planning permissions. They showed that a secured loan is a healthy option to borrowers looking to extend their property but are unable to raise the money on their mortgage.

"Homeowner loans are evidently increasing in their appeal, primarily because they continue to provide borrowers with refinancing solutions that currently don't exist for them within the first charge market.

"There is no reason that a secured loan can't be a highly viable alternative to remortgaging and judging by these results, August was the month the nation started to sit up and pay attention."

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Chris Morling, Managing Director of financial comparison site money.co.uk, comments on the results:

"It's refreshing to see such impressive growth in the secured loan market, especially given the otherwise downbeat economic climate.

"We've certainly seen a notable increase in consumer interest in this area over the past few

months – something that's only being helped by increased competition from new lenders driving down interest rates and borrowing costs.

"With mortgage lending still at a comparative standstill and borrowers' options somewhat

limited, it's reassuring to see that the secured loan market is not only becoming a viable alternative for homeowners looking to borrow, but also a more affordable one too."

Sam Marshall, Joint Managing Director of Nemo commented in June 2012:

“The introduction of these products will create an additional £4m -£5.5m per month of new origination which based on current statistics represents a 20% growth opportunity for the market.”

...and Sam was not far out with his prediction as the Secured Loan Index figures for July revealed that lending advanced to £32.3m, representing a 22% increase on June's figures.

Matt Tristram concludes:

"We only launched the first Secured Loan Index back in July, but already an apparent pattern has emerged. Every month, a lender is tweaking its criteria or offering an enhanced product range in order to pump strength into the market. This fortnight alone, not one, but two lenders revealed plans on how they intend to provide the sector with a platform for future growth.

"Equifinance announced it is close to securing 'seven figure' funding, declaring that its annual lending will increase to £5m over the next

couple of years. Then, in a bid to deliver the competitive edge, Blemain Group announced it had secured £640m of additional funding.

"Both announcements make one thing clear, that whilst the mortgage market continues to demonstrate a loss of appetite; the second charge lenders are ravenous. Supply is now growing to meet demand in the secured loans market and I don't envisage anyone complaining that they're full anytime soon."

Index Methodology: To create the index, Loans Warehouse analyses the figures released directly to them by UK secured loan lenders. Figures prior to July 2012 are taken from the FLA.

About Loans Warehouse:

Established by Matt Tristram and Sam Busfield in 2006, Loans Warehouse has become a market leading secured loan brokerage.

In 2012, Loans Warehouse won the Mortgage Strategy Award for Best Specialist Broker and was voted Best Secured Loan Broker by the industry at the myintroducer.com awards.

Loans Warehouse has direct access to every major secured loan lender in the UK.

Notes to Editors

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