

# The Secured Loan Index

July 2012 Results

## Secured Loan Lending Hits 3 Year High

- Secured loan lending increased 22% in July
- Gross lending 16% higher than one year ago

- Secured loan lending hits 31 month high
- July sees biggest monthly increase since November 2011

Results from the latest Secured Loan Index reveal that secured loan lending in July exceeded £30m for the first time since December 2009.

Table 1: Total Secured Lending 2009 - 2012. (Source FLA up to May 2012)

Figures: £(M)

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					
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec

The research from the UK master broker, Loans Warehouse, reveals that secured loan lending in July advanced to £32.3m, representing a 22% increase on the previous month (see Graph 1 below) and an increase of 16% compared with a year earlier.

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



Lending reaching levels not seen since the end of 2009 (see Table 1 above) is good news for consumers. Such strong results in July provide a solid indication that lenders are making extensive efforts to support the second charge industry, despite the sluggish economic backdrop.

Matt Tristram, joint Managing Director of Loans Warehouse comments on the results:

“According to our lender’s figures, a total of £32.3m was lent in the UK during July. We all expected a slight increase, due to the Jubilee Bank Holidays in June, but to see these figures is impressive.

“July saw Shawbrook Bank enhance its secured loan product offering to those with weaker credit, with the bank announcing it was opening up its range of products for clients with an impaired credit rating to a larger audience. This shift in focus is further evidence that lenders are making a conscious effort to open up their criteria and this month’s results reflect the influence that these more specialist lenders have had on the market since entering.”

This was the biggest monthly increase in lending since November 2011, during which time lenders have dropped rates and opened up their criteria in order to attract new customers.

New data taken directly from secured loan lenders shows evidence of increased lending to credit impaired borrowers in July; lenders that are traditionally active in this part of the market witnessed an 18% increase in their lending figures from the previous month.

David Johnson, Managing Director of Secured Lending at Shawbrook Bank said:

“Shawbrook is delighted to see the secured market growing at last and we at Shawbrook are pleased to play a leading part in that growth. As consumers gain in confidence, but find first mortgage lenders continually reluctant to consider refinances, secured loan products are becoming increasingly attractive.

“The market should increase further with the widening of loan product offerings and an increasing recognition from brokers that secured loans are a viable alternative to traditional mortgage products.”

## Positive trends revealed...

Stories flooded the industry press throughout July; the FLA proved that secured loans are now supporting solid applicants when they revealed that second charge mortgage repossessions fell by over a third in the second quarter of this year compared to the same period last year. The trade body found that 147 properties were repossessed in Q2 (see *Table 2 opposite*). Further results from the Finance & Leasing Association showed positive trends, this time from borrowers seeking alternative finance, with asset finance growing by 9% in the second quarter of 2012.

### Matt Tristram continued:

"We're still seeing a real change in attitude toward the secured loans market from both brokers and borrowers alike. Arguably, the 22% increase will be partly due to the recent announcements coming in from the flagging mortgage market. Mortgage lending continues to see-saw and the increasingly limited

Table 2: Number of properties taken into possession by FLA second mortgage providers. (Source FLA)

2012	157	147	-	-	-
2011	195	234	220	178	827
% CHANGE ON PREVIOUS YEAR	-19.5	-37.5			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total

availability of interest only has subsequently opened up our industry to more brokers; advisers are now having to look elsewhere for refinancing options and due to low rates and redemptions, are now recommending secured loans as a viable alternative to their clients."

## Stuart Aitken, Chief Operating Officer at Masthaven Secured Loans, the new entrant to the secured loan market comments on the positive results:

"The Secured Loan Index research from Loans Warehouse clearly shows that the market is in growth mode, making this an ideal market for funders looking to take advantage of a massively underpowered market, and an ideal time for Masthaven Secured Loans to launch.

The lending environment is also a little more

positive, with continuing low interest rates and increased employment.

Following thorough research of the residential market we have identified opportunities in both owner occupied and buy to let sectors that enable us to bring something to the market that will help it to grow further, and enable us to gradually build our distribution and product

offering. For us, as for existing lenders, the key is to develop strong, long-lasting relationships with specialist intermediary partners.

Well-designed products, clear criteria, sound and consistent underwriting and reliable service will give a strong basis on which to start rebuilding secured lending to its rightful position in the wider market."

### Matt Tristram concludes:

"Overall, I think it's easy to see that July's theme was all about growth; not just growth in gross lending, but growth in lending criteria and market awareness. However, these are uncertain times and, with that, come drops in consumer confidence that could greatly affect the industry over the coming months.

"Nevertheless, we anticipate that August will be equally as positive, especially with new lender, Masthaven entering the market and if lenders continue to adapt in an ever evolving market, they will prove that there are many ways to achieve increased lending in the secured loan market."

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

### About Loans Warehouse:

Loans Warehouse is a specialist provider of secured loans. Matt Tristram and Sam Busfield established the company in 2006 and has since 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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