

The Secured Loan Index

October 2012 Results

Secured Loan lending surpasses 2011 levels

- Lending in 2012 already £7m higher than previous year
- Gross lending over £30m for 4th consecutive month
- High-street lenders' reluctance drives more borrowers to secured loan market

According to data from the latest Secured Loan Index, the amount lent between January 2012 and October 2012 is significantly higher than the entire year of 2011, demonstrating how the second charge sector is expanding to fill the gap left by high-street lenders.

Lending up to 31st October, 2012 has already surpassed the previous year in its entirety by £6.8m, Loans Warehouse can reveal (see table 1).

Secured loan lending in October stood at £31.9m, an increase of 1.6% on September's figure of £31.4m. This modest boost emphasises the effects of the UK's move out of a recession in the third quarter.

October is the fourth month in a row where lending has reached over £30m (see graph 2).

The annual increase in secured loan lending was 38.7% higher than in the same period in 2011, where it stood at £23m. This is the only annual increase October has witnessed since before 2009.

Table 1: Total Annual Lending (£m)

Figures: £(M)

2012											
24	26	29.2	26	30.3	26.5	32	34.6	31.4	31.9		
↑	↑	↑	↑	↑	↑	↑	↑	↑	↑		
2011											
21	19	25	19	24	26	28	24	29	23	28	20
Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
2012 Total £292.8M						2011 Total £286M					

Graph 2: Monthly Lending Figures (£m)



Source: 2011: FLA data. 2012: figures released directly to Loans Warehouse by the UK's secured loan lenders.

Matt Tristram, joint managing director of Loans Warehouse comments on the findings:

“The secured loan market continues to strengthen, with changes in annual lending rising rapidly as more and more borrowers are finding secured loans increasingly attractive.

This is due to several factors: low rates, increased product availability and the squeeze of interest-only mortgage products.

“With many high street lenders shying away from interest-only (with Nationwide announcing at the beginning of October they will no longer

be selling mortgages on an interest-only basis) a huge opportunity is presenting itself to the secured loan market.

“A secured loan is a realistic option to those borrowers who are looking to raise capital but are being penalised by their mortgage lender. It has never been more important for brokers start thinking of the best solution for their clients, and the best solution isn't necessarily the best mortgage product.

“Secured loans continue to prove themselves to be a suitable alternative to remortgaging, especially to those looking to raise capital while still protecting their interest-only mortgage. The more the first charge market digs its heels in, the more the second charge market steps up to the plate and with rates as low as 6.9%, the industry does and will continue to offer suitable alternatives for brokers and consumers alike.”

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MAEVE WARD, HEAD OF SALES AT SHAWBROOK BANK COMMENTS:

"The SLI figures have made it clear that demand for secured loans is growing, making the market a much more positive place. Both intermediaries and their customers now see that a second charge loan can be used to raise additional capital without affecting the existing structure of their first mortgage.

"Shawbrook constantly look at ways to boost the market by working closely with its intermediary partners; listening to feedback to create innovative products at market leading rates and helping to raise the awareness of secured loans as an attractive alternative to remortgaging."

Consumer lending robust:

According to a recent report from the Bank of England, lending to UK consumers rose at the fastest pace over four years.

The bank revealed at the beginning of the month that consumer credit rose by £1.2bn in September which was driven by a £893m

increase in overdrafts and loans, making it the most robust rise since February 2008.

There are some real signs of improvement across the board, the UK emerged out of a recession in Q3 and falling inflation should ease the pressure on household budgets, meaning people can afford to be confident when it comes to their finances in the months ahead.

The positive news doesn't stop there, according to figures released by the Finance & Leasing

Association (FLA) just 163 properties were taken into possession in the last quarter. Repossessions made by second-charge mortgage providers were down by 25.9% in Q3 2012 compared with Q3 2011.

Lenders are doing their up most to keep people in their homes and help borrowers who face temporary cash flow difficulties get back on track. It's clear from these figures that responsible lending is at the forefront of lender's minds.

James Prosser,
Show Director of
Clarion Events
comments on the
market growth:

“ It was extremely positive to see secured loan brokers such as Loans Warehouse, Fluent Money and Norton exhibiting at this year's Mortgage Business Expo London 2012.

"Whilst the overall mortgage market remains stagnant, there are pockets of the financial services industry that are already starting to see growth. We hope to grow areas of the show in the coming years and believe the secured loans market to be one of these areas. ”

Matt Tristram concludes:

"With lending in 2012 already surpassing 2011 levels and with two month's still to go, I think it's fair to say that demand for secured loans is growing.

"The squeeze of interest-only, combined with October's economic backdrop has put the secured loan industry on the right track, which is crucial for regaining consumer confidence and should have a further positive impact on 2013."

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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