

REGULATION

CML accuses regulator of simply rehashing Mortgage Code ideas

● NATALIE MARTIN AND ROBERT THICKETT

The Council of Mortgage Lenders has accused the Financial Services Authority of going back in time and reworking old ideas from the Mortgage Code.

The self-regulatory body was axed in 2004 when the mortgage industry came under the remit of the FSA.

But in an article in the CML's latest *News & Views* newsletter entitled 'Weren't we better off with the Mortgage Code?', the lender trade body suggests that someone at Canary Wharf has been taking a sneaky peep at the old MCCB code.

The article states: "Have you noticed how eerily similar some of the FSA's new proposals are to the old self-regulatory regime – al-

beit dressed up with a great deal more complexity and a huge dollop of regulator-speak?"

The CML says the main reason it lobbied for statutory regulation in 2004 was because a tiny number of lenders did not subscribe to the old Mortgage Code.

But the article continues: "What happened was that the FSA reinvented regulation and put in more cumbersome rules – and more of them – so increasing the likelihood of inadvertent non-compliance.

"Then, in apparent conflict with the thrust of a detailed rule book it tried to superimpose principles-based regulation through Treating Customers Fairly."

Before statutory regulation came

in the FSA estimated its one-off set-up costs would total £136m, £83m of which would be paid by lenders. It said its annual running costs would be just under £68m.

The CML says that although not all of these costs are mortgage-related they still represent a significant hike compared with the MCCB's budget of £5m in 2003/04.

Richard Fox, former compliance director at the MCCB, says some of the FSA's rules are sensible but they should be communicated more clearly to brokers.

He says: "Brokers are always asking the FSA to tell them what to do and they will do it. But the regulator must clarify what it expects of them."

REGULATION

FSA bans Leicestershire broker

The Financial Services Authority has banned Leicestershire-based Aaron Nickols, trading as Warwick Finance (Warwick), for not being fit and proper to run a mortgage and insurance business.

The regulator's investigation found that Nickols failed to ensure his customers were treated fairly and also failed to stop staff using high pressure sales techniques.

Sales tactics included unsolicited telephone calls to the public falsely claiming to represent high street financial services providers and questioning the stability of

customers' existing policy providers to encourage the purchase of new policies through Warwick.

Tom Spender, head of retail enforcement at the FSA, says: "By failing to treat clients fairly, lacking the systems and controls to meet regulatory requirements and having an inappropriate attitude to remedial action Nickols posed a risk to customers and the financial system."

The FSA adds that Nickols failed to act honestly during the investigation by making incorrect statements and not making improvements as promised.

SECURITISATION

Money Partners RMBS ratings altered

Fitch Ratings has upgraded two tranches and downgraded three RMBS non-conforming transactions from the Money Partners Securities series.

The ratings agency has also revised the outlook on two tranches of MPS3 to stable from negative, reflecting a sufficient build-up in credit enhancement required for the AA rating assigned to the deal's class M1a and M1b notes.

The portfolios comprise non-con-

forming loans with significant portions of second loan mortgages ranging from 10.9% (MPS3) to 16.1% (MPS4).

The prompt sale of properties has prevented a build-up in the cost of carrying repossessed loans and limited potential losses from house price volatility in the past year.

Fitch's main concern is the second loan mortgages which have high loss severities ranging from 77.2% (MPS3) to 116.7% (MPS4).

IN BRIEF

- ▶ **Bank freezes base rate and stimulus package**
The Bank of England has held the base rate at 0.5% and not extended quantitative easing.
- ▶ **Mark Posniak joins Drawbridge Finance**
Mark Posniak, former head of business development at Linkfield Technologies, is joining Drawbridge Finance as head of business development.
- ▶ **Skipton sells its majority stake in Callcredit group**
Skipton Building Society has sold its majority stake in Callcredit Information Group, its credit reference and marketing services subsidiary.
- ▶ **House prices rose 1.4% in November, says Halifax**
House prices rose 1.4% in November – the fifth successive monthly rise, according to Halifax's house price index.
- ▶ **AToM to offer complex prime mortgage deals**
All Types of Mortgages has agreed terms with three lenders to offer complex prime mortgages for clients who don't fit mainstream lenders' criteria.
- ▶ **Purchase loans highest in October since 2007**
House purchase loans hit 55,000 in October – their highest level since December 2007, says the Council of Mortgage Lenders.

PAST TIMES

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- 2007** Sub-prime sourcing system Edge V2 boasts more than 8,100 registered users
- 2006** Prestbury raises £1m on AIM to accelerate growth of its AR network
- 2005** House price inflation hits a nine-year low in October
- 2004** Countrywide Financial kills off plans for sub-prime lending division in the UK
- 2003** Friends Provident fined for mis-handling endowment complaints
- 2002** Mortgages PLC's latest deal means it has securitised over £1bn of assets since 1998