

LENDERS

No sub-prime move in the pipeline, says Kensington

● NATALIE MARTIN AND NATALIE HOLT

Kensington has rejected suggestions that its decision to consider applicants with County Court Judgments is a move towards reopening the sub-prime market.

The lender has said it will consider customers who have had up to two CCJs totalling no more than £750 as long as these have been satisfied for more than six months.

Kensington will also consider two defaults in the past two years provided they have not occurred in the past six months.

All Types of Mortgages also announced last week that it is offering members of Mortgage Intelligence and Mortgage Next a two-year fixed rate deal at 3.35% with no credit scoring, as part of its complex prime range.

The deal is available up to 75% LTV for purchases and remortgages, and comes with a £1,399 arrangement fee and a £100 booking fee.

These developments in the light

adverse sector have prompted some in the industry to hail the beginning of a return to sub-prime.

But Kensington is adamant that its new criteria do not constitute sub-prime lending.

A spokesman for Kensington says: "This is still prime lending. A lot of people use the sub-prime classification out of context. Before the credit crunch these deals would have been offered by high street banks and they wouldn't have been classed as sub-prime.

"It's not on our radar to enter the sub-prime sector in the foreseeable future."

Colin Snowdon, chief executive of residential mortgages at Aldermore, says: "Kensington was the most influential pioneer in the sub-prime market and it's good to see it establishing a presence in an area where it arguably has greater knowledge than any other lender."

Tony Ward, chief executive of Home

Funding, says this is a return to familiar ground for Kensington and he doesn't believe other lenders will follow.

He says: "The market is still not working properly and it won't until the securitisation market has opened up and there are more significant players taking part. Kensington will be able to ration its lending to high quality borrowers."

And Alan Cleary, managing director of Exact, says: "There are many borrowers who are neither sub-prime nor prime and Kensington will be able to cater for them.

"I don't expect to see a rush of lenders entering this space but perhaps a few more will join Kensington in time."

Meanwhile, Kensington has produced a mini-manifesto ahead of the general election, calling on policy makers to support a level playing field for lenders and promote the need for financial advice.