

UK's first pension-backed secured loan

Portal Portfolio, the UK's newest secured lender, has launched a unique type of secured loan.

The loan allows borrowers to simultaneously invest in a pension fund returning 4 per cent and at the same time obtain loans of between £10,000 and £75,000 with a starting rate of 9.9 per cent.

Initially the new loans will be offered in an arrangement with All Types of Mortgages (AToM) and will pay introducers 4 per cent of the loan advanced as commission. Distribution will expand over time.

Loans are available to full time employees and the self employed on main residences and buy-to-let/investment properties.

The scheme is aimed at anyone who has a self-invested personal pension or SSAS pension with at least £10,000 and is looking for a loan. By collectively investing in an independent pension fund

the borrowers and any other investors looking for a guaranteed 4 per cent return provide the facilities to allow Portal Portfolio to offer secured loans.

Tim Moore, managing director of Portal Portfolio, said: "This is a very exciting product as it allows both the investor and the borrower to benefit from highly attractive rates. Obviously it won't be appropriate for everyone but for those people with sizeable investments in their pension who are also looking to borrow money for anything from commercial reasons to home improvements it's particularly attractive.

"At 4 per cent the pension fund offers very good returns, which are completely ring-fenced so we expect the concept of collective funding a lending facility to appeal to both the borrowers and broader individual and institutional investors."

Precise Mortgages gets approval from the FSA

Specialist mortgage lender Precise Mortgages has launched its first range of residential mortgage products following its recent approval by the Financial Services Authority to conduct regulated mortgage business.

Precise Mortgages launched into the unregulated buy-to-let market in May but is now able to widen its product range.

Ian Lonergan, CEO of Precise Mortgages, confirmed that it had been a very thorough process focussing extensively on the quality of the lender's proposition, including its compliance with the FSA's requirements in relation to responsible lending and its ability to bring secure funding to the UK mortgage market.

Lonergan said: "We are committed to bringing new funding to the UK mortgage market and it's fantastic to get the green light from the regulator."

Precise Mortgages is applying rigorous income and affordability tests including proof of income in all cases and an affordability stress test to 2 per cent above the reversionary rate which helps to ensure borrowers have strong affordability even if rates rise.

It will not sell interest-only loans and the maximum LTV is 80 per cent.

Alan Cleary, managing director of Precise Mortgages, commented: "Our launch range brings new choice to a market that has been starved of funding in recent years. We also have plans to launch into new segments of the mortgage market early next year where we have identified good quality borrowers who have been starved of credit."



Alan Cleary

Members approve transfer of Kent Reliance business

Members of Kent Reliance Building Society have voted in favour of transferring the whole of the society's business to OneSavings Plc, but it was a close call.

At the society's Special General Meeting on 19 November, 75.8 per cent of eligible shareholding members voted in favour of the proposal - marginally more than the 75 per cent majority required. Borrowing members were more supportive with 80.15 per cent approving the proposal - a 50 per cent majority was required.

Subject to FSA approval, the transfer, which is expected to become

effective in February 2011, will be followed by an immediate capital injection into OneSavings Plc of £50 million by a fund managed by JC Flowers & Co, to strengthen the capital base of the new enterprise and to support future growth.

Following the investment, Kent Reliance Provident Society Ltd, as it will be registered, will own 59.9 per cent and OSB Holdco Ltd, a wholly owned subsidiary of funds advised by JC Flowers & Co LLC, will own 40.1 per cent of the ordinary shares of the company. This position could change by subsequent adjustments and shares issues.

FSA proposals fail equity release customers

The Society of Equity Release Providers has hit out at the FSA's consultation paper on mortgage distribution and disclosure, saying it offers no improvement for consumers taking out equity release plans.

Simon Chalk, chairman of the Society of Equity Release Providers, said: "We believe that all sales should be conducted on a fully advised basis with non-advised sales being totally inappropriate."

The FSA notes that there are "2 distinct sectors in the equity release market (lifetime mortgages and Home Reversion plans)" going on to say that they "would expect equity release advisers to disclose the scope of the service they offer in each market sector."

Chalk continued: "This is wholly inadequate. FSA should insist that

intermediaries advise on both types of equity release plans and consider the affordability of alternative traditional capital raising methods such as an interest-only or repayment mortgage.

"Those who offer just one type of equity release product are not true specialists and may short change consumers in pushing their limited proposition, particularly where the adviser only has regulatory permissions to offer lifetime mortgages.

"It is disappointing that the regulator has devoted just a single page of its 98 page paper to an area as important as equity release, demonstrating that they do not understand our specialised sector and the vital role the family home will play in providing for the futures of millions of people in retirement."