

L&G split proc fees cause concern

EXCLUSIVE BY ALEX

BEVERIDGE | Legal and General's (L&G) decision to split its proc fees paid on packaged cases has led to at least one lender writing to its packager partners to say it can no longer accept L&G cases from them.

HBOS subsidiary The Mortgage Business (TMB) wrote to packagers last week telling them its fee payment system was not able to cope with split payments in the way that L&G required.

It went on to say that the last day it could accept L&G business was Friday 29 April.

Mark Bergin, director of sales and marketing at TMB, said:

"From our point of view it is frustrating but until our systems are able to cope with split payments we find ourselves in this position."

Vic Jannels, group managing director of All Types of Mortgages (AToM), urged L&G to consider the wider implications of its decision, not least that it could lead to packagers becoming liable for VAT. "PMPA already operates a payment protection scheme that ensures brokers will always get paid, so this policy by L&G does not seem necessary," he said.

Jon O'Brien, operations director of the PMPA, said he believed it was unnecessary for lenders to have to split payments.

At the time of going to press L&G was unable to comment.