Ever-decreasing values threaten our industry

We have for many years, specialised in building and expanding buy-to-let portfolios for the client. Finding property opportunities is what we do best. During the past few weeks, however, we have noticed a significant increase in property valuations that come into question – for example, one-bed apartments being cited as directly comparable with two-bed apartments and vice-versa, and surveyors deducting the deposit before valuation, then forgetting to add to their notes they had done so.

One UKValuation report valued the last of a line of new-build properties at around £340,000, as expected. The Royal Institution of Chartered Surveyors' (RICS) surveyor came in at £20,000 less. When challenged, it became clear the surveyor had not exercised due diligence.

Recently, we challenged three such cases with lenders, to be told they assess lending risk against the valuation and cannot or will not challenge a surveyor, even if a mistake has been made in assessment. We also challenged the surveyors. None of them would change their valuations even in the light of evidence in support of a truer market value.

Notwithstanding current economic considerations, lenders need a severe wake-up call if they are to continue to command the respect of mortgage intermediaries. Should anyone be interested, I am happy to discuss with anyone the outline of the cases and lenders who did not have the courage to initiate a sensible challenge to valuation, together with surveyors who committed the indecent proposal in the first place.

John Grant
Agency director
PMB

The safe alternative to needless sleepless night

I read the article about Safe Home Income Plans' (SHIP) comments on the ITV1 *Tonight* programme with interest.

I am a specialist solicitor who runs a department dedicated to helping clients with the legal aspects of equity release. Over the last few days, I have received a number of calls from anxious clients about this programme.

One couple had to come in to see me regarding a lifetime mortgage they completed earlier this year. They had not slept for two nights following the ITV1 show. I appreciate that the people affected by 'sale and rent back' and shared appreciation mortgages have a right to tell their story.

However, the producers of the show should have given equal consideration to viewers who may have taken out SH regulated equity release pla The danger was always that viewers perceived their 'saf equity release plans as bein tarred with the same brush Little was done by programi makers to correct this possi misconception.

A short disclaimer, which mentioned SHIP at the end of the programme, did little to distance the disreputable plans from the regulated pla – and has obviously caused some of my clients tangible unnecessary distress. I won how many other professiona in this sector have had simil experiences?

Stuart Rathe
Partner and equity release team leader
Lees Lloyd Whitley Solicitors

Claw-back brings the question of quality into the equation

I see the thorny issue of claw-back has raised its head again. No life office will offer improved terms unless it can be certain the business it receives from the intermediary is either high volume or high quality, yet for all but the big players, volume is unachievable. We all know volume does not ensure high quality, so the only way quality can be proven is by demonstrating high levels of persistency.

It is a fair assumption that any adviser who bemoans claw-back must be suffering with persistency. Far be it from me to defend life offices, but this is hardly their fault. Surely advisers need to assess their sales process if too much business is coming off the books? If customer agreed remuneration becomes a reality in the protection market, which I hope it does not, and with increased competition, advisers need to prove their value to their clients. I would agree that providers need to rethink the way they remunerate for protection business – not because claw-back is unfair but because the current model does little to encourage high persistency.

Peter Chadborn
Principal
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