



Why we should celebrate lenders offering cashback for legal costs

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While much of the market's attention this year has been focused on purchases, in large part due to the Stamp Duty holiday, 2021 is in fact set to be a big year for remortgages.

According to data from CACI, across this year mortgages worth a total of £183.2bn are set to mature. That's an enormous number of borrowers facing the prospect of a sharp increase in the size of their monthly mortgage repayments, and so are primed for a conversation with brokers about the benefits that remortgaging to a new, cheaper deal could bring. We have one of the biggest months for those remortgage volumes just around the corner; depending on the data source you believe, there is anything from £29bn to £40bn of mortgages set to mature in October.

Lenders are only too well aware of this situation. They know that the best way to attract the attention of brokers and their clients is to have a range of eye-catching remortgage products on offer.

There's more to a remortgage than the rate

But there are other ways that lenders look to appeal to brokers and their clients and a perfect example are free legals, where the lender foots the bill for the legal side of the deal so long as you use one of their preferred solicitors.

The appeal of a free legals offer is obvious. The client gets to carry out the remortgage without having to shell out on the necessary legal work, and who doesn't want to save some cash?

There can be the impression that this is a stress-free option too, since the solicitor comes recommended from the lender. It means the client and their broker don't need to really put too much thought into identifying their own conveyancer to handle the legals for the deal.

A false saving

Of course, the reality of making use of a free legals offer can be rather different.

The conveyancers used by lenders to provide these services have at times found themselves overwhelmed by case numbers, leading to delays and even some deals falling through completely.

Far from saving the client money and reducing stress, all too often the free legals offer has led to a more protracted, difficult experience, and even a financial hit for the borrower.

Would you like cashback with that?

It's because of these limitations that some lenders have opted for a different route, promising borrowers cashback to go towards the legal costs, allowing them and their brokers the freedom to choose their own conveyancing partner.

This has been a positive development for everyone involved. Brokers think carefully about the conveyancing partners they want to work with; they know that the client has put their faith in them to deliver a positive experience, and so want to work with conveyancers who can live up to that level of expectation.

Providing cashback means that the

client enjoys that same saving, but can also benefit from a professional conveyancing experience.

Completing the case quickly

Remortgaging has taken something of a backseat to product transfers over the last couple of years. It's not just because brokers are finally being paid for product transfers, but because of how quickly those transfers often take place.

The reality though is that a remortgage deal doesn't have to lag behind when it comes to quick completions. It's something that we have focused on at eConveyancer, developing our Rapid Remortgage service which means that once qualifying borrowers complete and return their starter pack, the solicitors make the case a legal certainty within just 24 hours.

This service has led to some remortgage deals completing incredibly swiftly, in some cases taking just four days. It's a clear demonstration of the importance of working with the right partners as this will ensure they enjoy a satisfying experience, and improve the chances of them returning to use you in future.

Ultimately, clients may overlook the hard work the broker put into finding the perfect mortgage and securing that finance if the legal side of the deal ends up being drawn out unnecessarily.

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