

# Altus' 2022 benchmark of UK high street lender's D2C mortgage journey

Altus' 2022 review of Digital capability amongst UK high street residential lenders comes at a time of significant economic turmoil. Factors such as the War in Ukraine; the UK transition post Brexit; lifting of Covid-19 restrictions and the now infamous Truss/Kwarteng 'mini-budget' have caused widespread economic instability. Rising energy costs, inflation or interest rates would place unwelcome pressure on most UK household budgets at the best of times. Simultaneous rises in all will be devastating for many households, some even faced with a stark choice; to heat or to eat. Whilst the statistics underpinning the UK housing market in 2022 look to paint a buoyant picture, the tide is changing and we suspect that 2023 will tell a very different story.

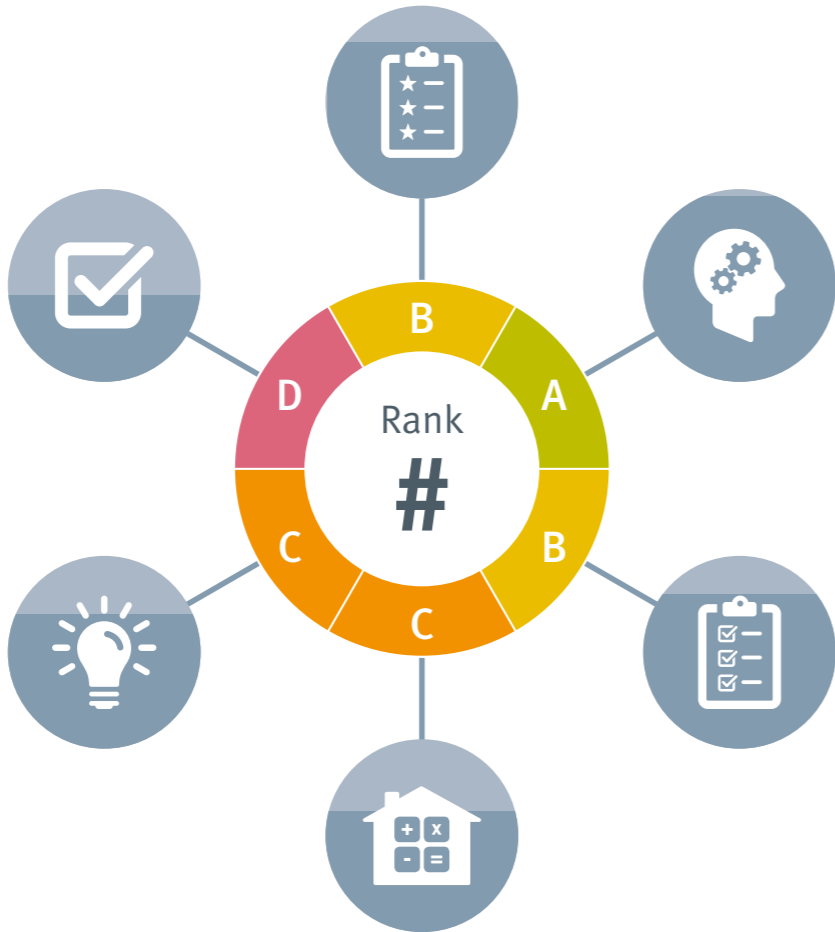
## 'Buy a Mortgage' Digital Journey

The outstanding value of all UK residential mortgages was **£1.65bn** up 3.8% from 2021

**Product Inventory**  
Does the lender provide product pathways or do they simply have a list of their current mortgage products, rates & fees on their website? *Over half of the lenders make use of product pathways to an extent, with the rest either providing a full list via web page or download.*

There are **11 million** in the UK against a total stock of 29 million homes

**D2C Online DIP**  
Does the lender offer an online Decision in Principle? *45% offer an online DIP, building societies are lagging behind the banks with this capability.*



**Knowledge Base**  
Does the lender provide a knowledge repository containing their Lending criteria; Q&As; help guides; jargon busters etc? *Most lenders provide a good baseline of knowledge for customers but far fewer (only 30%) publish their lending criteria.*

**Digital Innovation**  
Does the lender have any innovative digital features e.g. Save to buy app; Online case tracking which isn't hidden behind an existing customer online banking application? *A few lenders are now offering apps to help customers save for & buy their first home, some offer online case tracking but generally most lenders could do far more here. We expect to see more investment & innovation in this space over the next couple of years.*

**Product Proposition**  
Does the lender still offer all their products or has the recent economic backdrop resulted in some loan types being pulled from sale? *Most lenders continue to offer a broad range of products (albeit at higher interest rates) but some 10% have pulled products from sale.*

The average 2 year fixed rate mortgage has risen from 1.59% in October 2020 to **6.16%** in October 2022.

**Calculators**  
Does the lender provide a comprehensive suite of calculators (e.g. quick & full affordability; lending amount; early repayment etc)? *Most lenders provide a broad range of calculators but surprisingly 20% of lenders have no calculator capability whatsoever.*

The value of mortgage balances in arrears decreased by 7.2% to **£13.2bn** the lowest since recording began in 2007

## D2C UK residential mortgage lenders



Altus Limited, Bath Quays South,  
1 Foundry Lane, Bath, BA2 3GZ  
**+44 (0)1225 438 000**  
**altus.co.uk**



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# 'Buy a Mortgage' Digital Journey

A smaller market means more competition for business. Lenders who provide the best customer experience, leveraging digital innovation (e.g. Open Finance & 3rd Party Apps) will stand the best chance of retaining & growing their market share during this uncertain time. The charts below denote digital maturity across the top 20 residential mortgage lenders in the UK. This year we have amended our scoring to identify lenders who have pulled back (wholly or in part) from the lending market (Category 3). We hope you find our research interesting & we look forward to your feedback.



- Key to Questions:**
- 1: Product Inventory
  - 2: Knowledge Base
  - 3: Product Proposition
  - 4: Calculators
  - 5: Digital Innovation
  - 6: D2C Online DIP

- Key to Scoring:**
- A Optimised capability
  - B Maturing capability
  - C Initial capability
  - D No capability

<p>Rank by market share: 3</p>	<p>Rank by market share: 12</p>	<p>Rank by market share: 8</p>	<p>Rank by market share: 4</p>	<p>Rank by market share: 5</p>
<p>Rank by market share: 6</p>	<p>Rank by market share: 2</p>	<p>Rank by market share: 18</p>	<p>Rank by market share: 1</p>	<p>Rank by market share: 14</p>
<p>Rank by market share: 7</p>	<p>Rank by market share: 10</p>	<p>Rank by market share: 13</p>	<p>Rank by market share: 9</p>	<p>Rank by market share: 17</p>
<p>Rank by market share: 16</p>	<p>Rank by market share: 19</p>	<p>Rank by market share: 11</p>	<p>Rank by market share: 15</p>	<p>Rank by market share: 20</p>

More than 15% of UK home loans are estimated to need refinancing in the next 12 months with borrowers facing **substantial increases in their monthly repayments**

Mortgage lending **fell between July & September** and is **expected to fall further** in the next quarter

1.7% of UK households are currently facing repayment difficulties. This is **expected to rise significantly** by the end of 2023

**~1000 mortgage deals were pulled from the market** as a result of the interest rate hikes following the chancellor's 'mini-budget'

New home buyer enquiries in September **fell for the 5th month in a row**

## Altus Consulting

Altus Limited, Bath Quays South,  
1 Foundry Lane, Bath, BA2 3GZ  
**+44 (0)1225 438 000 | altus.co.uk**