

Ready to move – a mortgage deal in the blinking of an eye

PROPERTY INSTANT OFFERS

By Esther Shaw

Securing a mortgage or re-mortgage deal can be an administrative ordeal that takes weeks if not months. Not only is this a hassle but a slow turnaround can mean buyers miss out on their dream home.

Now, however, there are moves to cut the waiting time to a matter of days – if not hours – through a process known as “instant offer”.

New technology lets lenders make offers by running the usual credit checks using an automated valuation model (AVM), or “desktop valuation”, instead of carrying out a physical inspection of the property.

In short, an AVM collates a customer’s credit history, along

with property-value data from the Land Registry, and allows the lender to work out a mortgage deal immediately.

GMAC-RFC was one of the first to introduce the technology and it has now been joined by rival specialist lender Edeus.

“If a borrower qualifies for an AVM and passes the credit check, we can make an instant binding offer in less than an hour,” says Alan Cleary, the managing director of Edeus.

His firm charges a premium of £140 above the cost of a standard valuation for this service. For £875, it offers the full package of AVM, loan offer and funds released – all within five days.

While the interest rates aren’t the most competitive, since customers are paying for speed, mortgage brokers back this new approach. “Anything that speeds up the tortuously slow house-buying process is welcome,” says

Melanie Bien of broker Savills Private Finance. “Instant offers are handy in helping the buyer demonstrate to the lender how serious they are – particularly if the vendor wants to move quickly.”

At the moment, the Edeus instant offers are only for re-mortgaggers and only available on applications for loans up to 79 per cent of the property’s value. That’s because the lender needs a cushion in case it gets its valuation wrong and advances too much money.

Although new buyers do not yet qualify for desktop valuations, it is expected that lenders will soon devise a way that allows them to do so while hedging the risk.

“There is plenty of data on house prices and transactions available – rendering physical valuations unnecessary in most transactions,” says Nick Gardner of broker Chase de Vere Mort-



With an ‘instant’ desktop valuation, Fleur Cooper got to the front of the buyers’ queue DAVID SANDISON

gage Management. “The service has much more validity on the purchase market [than for re-mortgages] as buyers are often worried about losing their properties and being gazumped.”

That said, an AVM won’t always be suitable. “If you are buying a three-bed semi in Croydon where there are lots of comparable properties, you should be

fine and get an accurate valuation,” says Ms Bien. “But if the home is more quirky – a thatched cottage, say – the margin for error is too great because there won’t be enough similar examples in the area.”

Ms Bien thinks more lenders will join in, creating competition that could mean lower costs.

Fleur Cooper, from London,

is turning her home into a buy-to-let and moving next door. The 29-year-old used broker Cobalt Capital to secure a swift offer through Edeus.

“I had to act quickly as there was a lot of interest in the property – but I became the most favoured buyer as I had the funds lined up and was in a position to go straight away.”