

Mortgage advice

First published: 04/04/2016 Last updated: 03/09/2020 on the Financial Conduct Authority website

When you apply for a mortgage, you might choose to speak to a mortgage adviser, or you might choose to research your own deal. Find out what each approach means for you.

Getting a mortgage is a big financial decision, so it's important you fully research your options before you commit.

When buying a mortgage, you can get advice directly from a lender (like a building society or bank), or from a mortgage broker or financial adviser.

In each case, you will be asked about your personal circumstances and needs, income and spending, and future plans. This helps advisers and lenders recommend a mortgage product that is right for you.

If you're looking for a mortgage, you don't have to just talk to your bank. Mortgage advisers can help you find out about the range of providers and products before you decide.

What an adviser must tell you

An adviser should tell you about their charges and the range of mortgages they offer in your first conversation with them.

If you are taking out a mortgage online or by post, they must give you this information in writing before you select the deal you want.

The range of products

If you use an adviser to find and apply for a mortgage, they must tell you if there are limits on the range of mortgages they can recommend.

This will tell you whether the adviser or broker can consider:

- the whole mortgage market
- a particular range of mortgages
- products from specific lenders
- deals usually only offered if you go directly to a lender

If the adviser does not consider the whole market, they usually have to give you a list of the products and lenders they do consider.

Be aware that if you take advice from a lender, they will usually only tell you about their own range of mortgages.

The price of advice

A mortgage adviser or broker also has to tell you about their charges and how they are paid, which could be:

- a flat rate for their service
- an hourly rate (though they must tell you what that rate is and what might affect the number of hours they spend on your application)
- a percentage of the amount you borrow for your mortgage
- a commission payment from the mortgage lender

This fee can be added to the mortgage, but you have to agree to this first.

They must explain that you will pay interest on the fee (if included in the mortgage) as well as the rest of the mortgage, until the whole mortgage is paid off.

Getting a mortgage without advice

Some lenders may let you apply for a mortgage without taking advice.

You can do this online, or by post with an application form. However, you will need to know the details of the mortgage you want and be able to arrange it yourself without speaking to an adviser.

The details you will usually have to know include:

- the lender's name
- the interest rate
- interest rate type (fixed or variable)
- the length of the mortgage term
- the value of the property
- the amount you want to borrow
- whether you want an interest-only or repayment mortgage

You may be able to ask a lender or adviser to arrange your chosen mortgage deal without giving you any advice, if you are:

- a mortgage professional with a good understanding of the risks involved
- remortgaging a home to raise money for business purposes
- a 'high net worth individual', which means you have an annual income of £300,000 or more or assets worth £3m or more.

An adviser or lender will need evidence that you fall into one of these groups before they can arrange anything for you. They will let you know what information they need.

If you choose to get a mortgage without advice, your lender or adviser must tell you in writing (or in conversation) about the legal protection you are giving up.

When deciding to buy without advice you are taking responsibility for choosing the mortgage. However, if you get mortgage advice, the adviser will recommend what mortgage is suitable for you. If you believe that this recommendation was faulty, you have additional protection and can complain that the mortgage was unsuitable.

Remember, you do not have access to this protection if you buy without taking advice.

Please note The Financial Conduct Authority (FCA) does not regulate some forms of mortgage

Some advisers can offer both regulated and unregulated mortgages and bridging loans, also unregulated commercial loans. Please ensure you read any information available and understand the difference and how it may affect the additional protection offered by the Financial Conduct Authority.