



HOW TO SUCCEED IN A TURBULENT MARKET

and help your customers through the cost of living crisis

As the temperature cools and the leaves begin to fall, the cost of living crisis is looming heavy on everyone's minds.

With inflation at a 40-year high and interest rates having more than doubled in past year, how can we help you navigate the turbulent market and support your customers through this difficult period?

This was the topic we discussed in our latest market-focused webinar, where I was joined by Sarah Tucker from The Mortgage Mum, Richard Merrett from Simplybiz, Nathan Reilly from Twenty7Tec and Craig McKinlay from Kensington Mortgages.



Market update

To kick things off, Nathan Reilly – the Director of Customer Relationships at Twenty7Tec – gave an update on the latest market trends and behaviours.

The past few months have been characterised by negative headlines and global economic challenges. Nathan's data showed that, although the year started with a period of relative calm, from April we have seen a sharp increase in product number changes as inflation took off and the cost-of-living crisis unfolded.

Many of us will have faced similar challenges before. However, the data highlights that this is now playing out in a completely different scale to what we've seen previously, and we must be mindful there is a generation of homeowners who won't ever have seen rates this high. Nathan said he believes we will likely see mortgage rates climbing to over 10% – and maybe even over 12% - very soon.

Despite this volatility, Nathan also suggested that there are reasons to be positive. He revealed that online searches for mortgages are up 15% on last year. This, he explained, shows just how much customers are already relying on advisors and the intermediary market - and is testament to the high standard of support that brokers are already providing to their customers.



A challenging time for brokers

We then segued into our panel debate, with Craig, Sarah and Richard joining me to give their perspective and insight. We began by discussing the impact that the current disruption is having on brokers, all agreeing that the chaos of product pulls and changing interest rates are taking their toll. Brokers are having to balance navigating an extremely complex environment with supporting their customers and being the voice of reason.

Richard highlighted that it was important for brokers to remember that the increase in complexity is only making brokers even more valuable to customers in the process. During this unpredictable period, brokers should continue to get the basics right and keep having regular conversations with their customers to help them understand what's going on.

One of the ways to do this, as Sarah put it, is to become a broadcaster – in other words, translate the news for your customers so that they can understand it. The headlines can sometimes appear scaremongering, but we can help people understand what the news really means for them. More than ever, people want to learn - and so our service is vital to households. Think: how do I give back in the best possible way? The business will find its way back to you.

There is no evidence that the situation will calm down any time soon. With this in mind, Craig recommended that if you don't have capacity to deal with a customer's situation, then give a quick "no" so they have time to go elsewhere. Days can make a difference, so be proactive. Similarly, at Kensington, we know when products are withdrawn, you should give as much notice as possible. For Richard, providing excellent customer service during this period is about giving value back to the people who have already invested in you. Build in annual reviews where you check in with customers and have a conversation about other facets of their lives. Not only will this help build customer loyalty, but it will also help you extract new opportunities.

Finally, keep track of the lenders that have more flexibility and affordability options. Look for those who can maximise customers' income – and criteria, such as Kensington's, that allow customers to have 100% variable or unusual income streams. And have an open conversation with your customers about their budget. Nearly 45% of adults in the UK don't feel confident managing their own money*. But by having regular, open conversations with customers, you can empower them to make informed decisions.



Kensington business update

While constant interest rate and product changes can be frustrating, brokers are now even more valuable to customers in a process that is becoming increasingly complex. To close out our session, Craig provided some updates on how Kensington plans to continue to support brokers by providing innovative products and optimising the service we provide. These included:

- **Two days' notice on product withdrawals** – We know that service is front-of-mind for you right now. Craig reassured brokers that at Kensington, we aim to always give two days' notice for product withdrawals.
- **One-day service level** – We have been at a one-day service level every day this year, for a full nine months to date, and we've massively invested in the business to increase the number of underwriters that serve you. Craig mentioned that we saw 25 cases offered in less than 48 hours this month – an impressive feat for a specialist lender.
- **Direct contact with underwriters** – Our underwriters make than 4,000 outbound calls to brokers in a normal month – usually one or two calls per case - cutting out confusion and maximising efficiency.

My takeaway

A common thread running throughout our conversation was that the need for high quality advice and specialist products has never been greater.

The complexity of the current market means customers are increasingly looking to lenders like us, and brokers like you, to provide them with practical advice and expert insights. With further disruption expected over the coming months, we should focus on providing the flexible, customised options and high-quality advice that customers need.

During these turbulent times, it's important to remember that with uncertainty comes opportunity. By continuing to build relationships with your customers and find new ways to support them, you can emerge stronger from the crisis.



Eloise Hall – Interim Head of National Accounts

Eloise joined Kensington Mortgages as National Account Manager in 2019, bringing a wealth of experience from both Leeds Building Society and Prudential Building Society, and has worked with many accounts throughout the UK. Eloise has continued to grow Kensington's brand as an innovative and forward-thinking specialist lender and has won an array of awards since adopting the Interim Head of National Accounts role, including British Specialist Lender award for Lender: Business Development in 2021, Woman in Specialist Lending at Financial Reporter Women's Recognition Awards 2022 and Head of National Accounts at the 2022 British Specialist Lender awards.

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*Source: <https://www.maps.org.uk/2021/11/10/24-million-uk-adults-dont-feel-confident-managing-their-money-talk-money-week-is-here-to-help/>

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