

The Mortgage Report

*A report for Standard Life Bank in the interests of all those who've
ever wondered if it really needs to be so complicated to find the
right mortgage*

FEBRUARY 2006

The logo for Consumer Analysis Group, featuring the text "Consumer Analysis Group" in white, sans-serif font, centered within a solid magenta square.

Consumer
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KEY FACTS

Key facts are highlighted in the report which follows.

Page numbers where corresponding tables can be found are indicated in brackets after each fact

When hunting for mortgages, people spend more time searching on the internet (2.4 hours) than speaking to their financial advisor (1.9 hours) or looking at offers in the high street (2.1 hours). (p4)

During a mortgage hunt, people spend more than 23 hours actively searching for the right financial product. (p5)

In total time spent, people with a first mortgage spent much longer looking for it (46.1 days) than people who had recently re-mortgaged (27.1 days). (p5)

Two thirds (66%) of mortgage hunters don't use any websites at all in their search. Of those who did use the internet, people who have recently taken out a first mortgage are likely to have used more websites (3.1) than those who were re-mortgaging (2.1). (p5)

More than 1 in 4 (29%) people claim they do painstaking research to make absolutely sure they have chosen the right mortgage for their needs, while around 1 in 5 (18%) think that life is too short to hunt for the right mortgage, and will just take the easiest option. (p6)

Nearly two thirds of people (65%) claim to find the process of looking for a mortgage frustrating, with those who are looking for a mortgage more likely to find it frustrating (76%) than those who have recently decided on one (55%). (p8)

Almost two thirds (64%) of people find the world of mortgages confusing, with those who are looking for a mortgage more likely to feel confused (77%) than those who have recently got one (55%). First mortgagors are also more likely to find it confusing (68%) than re-mortgagors (63%). (p9)

86% of people who have recently taken out a mortgage or re-mortgage think they chose the best option for their situation at the time. (p10)

Of those who are concerned that they may have taken out the wrong mortgage, first mortgagors are more likely to worry longer (an average of 3.7 weeks) compared to re-mortgagors (an average of 2.5 weeks). (p10)

19% of people say they aren't entirely happy with their choice of mortgage, with the biggest reasons being that they have now realised that a different mortgage would have a better option for them (9%), or that they have since seen cheaper mortgages (9%). (p11)

4% of people in the UK feel that the mortgage they have chosen is too restrictive, whilst a shocking 5% feel that their mortgage was mis-sold to them. 5% have found that their mortgage turned out more expensive than they had expected. (p11)

THE INTERVIEWEES

There were 1000 people from England, Scotland, Wales and Northern Ireland involved in our survey who had either taken out a mortgage recently, or were in the process of looking for one.

In lengthy telephone interviews they were asked about how long they had spend researching and setting up their mortgage, and how easy they had found the process.

The fieldwork was carried out during February 2006.

Regional interviewee quotas follow the density of population. Figures may not add up to 100 due to rounding up.

Region

London	120	12%
South East	140	14%
South West	80	8%
East Anglia	92	9%
East Midlands	72	7%
West Midlands	92	9%
Wales	48	5%
Yorkshire & Humberside	80	8%
North East	40	4%
North West	112	11%
Scotland	92	9%
Northern Ireland	32	3%
Total	1000	100%

Mortgage Status

Have decided on mortgage - "Have"	571	57%
Looking for mortgage - "Looking"	429	43%
Total	1000	100%

Mortgage Type

First mortgage	451	45%
Re-mortgage	549	55%
Total	1000	100%

THE FINDINGS

Thinking about the total time it takes to decide on a mortgage, either so far (if you're still looking) or from beginning to end, can you recall how long you and/or your partner spent... (in hours) *Base for each option: those who actually carried out each option*

Talking to friends, family, colleagues about rates and types of mortgage	3.0
Looking at high street offers, picking up leaflets, talking to assistants etc	2.1
Reading newspapers, financial papers, listening to radio for advice etc	1.6
Searching on the internet for firms, rates, advice etc	2.4
Talking to assistants and advisors in mortgage firms on the telephone	1.2
Waiting for people to call or email back with information	4.4
Talking to a financial advisor/mortgage broker	1.9
Thinking, talking to partner, and deciding	8.1

Thinking about the total time it takes to decide on a mortgage, either so far (if you're still looking) or from beginning to end, can you recall how long you and/or your partner spent... (in hours) *By mortgage status*

	Have	Looking
Talking to friends, family, colleagues about rates and types of mortgage	3.0	2.9
Looking at high street offers, picking up leaflets, talking to assistants etc	2.4	1.7
Reading newspapers, financial papers, listening to radio for advice etc	0.7	2.7
Searching on the internet for firms, rates, advice etc	1.6	3.6
Talking to assistants and advisors in mortgage firms on the telephone	1.2	1.1
Waiting for people to call or email back with information	4.3	4.6
Talking to a financial advisor/mortgage broker	2.3	1.4
Thinking, talking to partner, and deciding	8.2	7.9

Sandra, 26, a nursery manager from Warrington. 'We did do the wrong thing because we took out a fixed rate mortgage when we should have taken a variable one. But we didn't worry about it very long as we got it sorted out.'

Alberta, 52, from Bedfordshire. 'I'm good at researching the area, but not so good at researching the different mortgage options.'

Patrick, 45, a shop manager from South London. 'I've had several mortgages and learnt that the best way is just to leave it to a broker.'

Luccia, 27, a hair dresser from North London. 'We still haven't found a house we can afford, but we've started looking for a mortgage in preparation. I don't think we're being very organised though, as it's our first time.'

Walter, 61, a retired electrician from Birmingham. 'I found the whole process of re-mortgaging awful, very stressful.'

Thinking about the total time it takes to decide on a mortgage, either so far (if you're still looking) or from beginning to end, can you recall how long you and/or your partner spent... (in hours) By region

	LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
Talking to friends	3.1	5.0	3.5	1.5	0.6	1.8	2.8	3.0	1.8	4.3	1.8	0.3
High street offers	2.3	2.0	3.8	1.4	1.2	2.1	1.2	1.3	4.2	2.8	1.1	0.6
Reading papers	7.6	1.1	1.1	1.9	0.4	1.0	0.1	0.5	0.7	0.3	0.4	0
Searching on net	3.0	2.6	2.7	3.1	6.0	1.5	0.6	1.3	1.4	1.8	1.7	0.9
Talking on phone	1.2	1.9	1.0	0.6	1.8	0.9	0.9	0.9	2.6	0.9	0.3	0.9
Waiting for calls	2.3	6.0	5.7	3.6	2.4	6.2	4.0	2.6	5.7	4.5	1.2	9.6
Financial advisor	1.8	2.1	1.8	1.6	3.0	1.2	2.0	1.5	3.7	1.5	2.1	1.6
Thinking	13.7	8.7	6.5	5.4	5.7	3.5	10.4	7.0	10.0	6.8	6.1	15.9

Total active searching time for those who have a mortgage. (In hours)

Total active searching time	23.2
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Total active searching time for those who have a mortgage. By mortgage type

	First mortgage	Re-mortgage
Total active searching time	26.5	20.7

Total active searching time for those who have a mortgage. By region

	LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
Total time	27.1	30.3	31.9	13.7	10.2	19.1	29.7	20.9	28.4	25.4	12.5	36.8

How long did it take you to decide on your mortgage? Total time, from first thinking about getting a mortgage to signing up for the one you decided to have. (In days)

NB: Does not include the time taken for the mortgage to come through

Base: Those who have decided on a mortgage

All respondents	35.3 days
Have first mortgage	46.1 days
Have re-mortgage	27.1 days

How long did it take you to decide on your mortgage? Total time, from first thinking about getting a mortgage to signing up for the one you decided to have. (In days) ***By region***

LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
52.6	41.2	52.3	38.7	39.6	26.6	35.6	40.1	43.6	15.0	17.3	14.7

Thinking about the research you did, from start to finish, how many different websites did you use when deciding which mortgage to get?

Base: Those who have decided on a mortgage and used the Internet

All respondents	2.5
Have first mortgage	3.1
Have re-mortgage	2.1
<i>Didn't use any websites/Internet</i>	66%

Thinking about the research you did, from start to finish, how many different websites did you use when deciding which mortgage to get?

LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
4.6	2.3	1.9	2.1	0.4	2.2	1.6	2.3	3.6	3.4	3.7	1.3

Chris, 54, an artist from Bideford. 'It was very confusing so I left it all to the financial adviser.'

Emma, 33, a housewife from Canterbury. 'I'm happy with my choice of mortgage but wish I'd chosen somewhere else to get it from!'

Wendy, 38, a factory worker from Norwich. 'I'm on my own so I didn't have anyone to talk to about the final decision. In the end I just went into the bank and told them I wanted a mortgage.'

Michael, 41, an accountant from Peterlee. 'I probably could have got a better deal elsewhere, but I preferred to stick with the people who deal with all my finances.'

Jean, 53, a health care support worker from Havant. 'I was disappointed by the attitudes of the banks. I felt we were poorly treated because of our age (first mortgage).'

Natalie, 31, a teacher from Bedford. 'When we next re-mortgage we plan to do more research ourselves and not trust the financial advisor as wholeheartedly.'

Dominic, 39, a finance director from London. 'It was a little confusing because they tend to hide things from you and you have to scrape away at the surface.'

Robert, 60, a bricklayer from South Normanton. 'I went to the bank I've been with since I was a child. I didn't see any reason to go anywhere else.'

What is/was your attitude to the task of finding a mortgage?

I do painstakingly thorough research, leave no stone unturned, until I'm absolutely sure I've found the right mortgage to suit my needs.	29%
I know about financial products and I know how to track down the best possible mortgage for me without too much effort	26%
I start researching with good intentions, but I find it's all so complex and time-consuming, I'll weigh up a few offers and take the first adequate mortgage that I find	27%
Life is too short to battle through all the mortgages on offer – I'll take the easiest option	18%

What is/was your attitude to the task of finding a mortgage? *By mortgage status*

	Have	Looking
I do painstakingly thorough research.	25%	35%
Know how to track down the best possible mortgage for me	30%	20%
I'll weigh up a few offers and take the first adequate mortgage that I find	25%	31%
Life is too short to battle through all the mortgages on offer	20%	15%

What is/was your attitude to the task of finding a mortgage? *By mortgage type*

	First mortgage	Re-mortgage
I do painstakingly thorough research.	32%	27%
Know how to track down the best possible mortgage for me	24%	27%
I'll weigh up a few offers and take the first adequate mortgage that I find	28%	27%
Life is too short to battle through all the mortgages on offer	16%	19%

What is/was your attitude to the task of finding a mortgage? *By region*

	LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
Painstakingly research.	37%	29%	41%	20%	51%	43%	11%	20%	26%	21%	13%	23%
Know about financial products	24%	28%	17%	28%	17%	14%	26%	43%	34%	33%	24%	26%
Take the first mortgage I find	19%	28%	25%	41%	14%	30%	20%	29%	29%	33%	37%	21%
Take the easiest option	20%	16%	17%	11%	17%	13%	43%	9%	11%	13%	26%	31%

How frustrating do you/did you find the process of choosing a mortgage?

Not at all frustrating	36%
A little frustrating	31%
Quite frustrating	17%
Very frustrating	11%
Extremely frustrating	6%

How frustrating do you/did you find the process of choosing a mortgage? *By mortgage status*

	Have	Looking
Not at all frustrating	45%	24%
A little frustrating	31%	30%
Quite frustrating	14%	22%
Very frustrating	7%	15%
Extremely frustrating	3%	9%

How frustrating do you/did you find the process of choosing a mortgage? *By mortgage type*

	First mortgage	Re-mortgage
Not at all frustrating	33%	38%
A little frustrating	30%	31%
Quite frustrating	16%	19%
Very frustrating	15%	8%
Extremely frustrating	5%	4%

How frustrating do you/did you find the process of choosing a mortgage? *By region*

	LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
Not frustrating	34%	31%	24%	25%	49%	47%	53%	26%	17%	34%	58%	49%
A little frustrating	29%	37%	19%	20%	20%	35%	26%	39%	51%	38%	29%	21%
Quite frustrating	22%	17%	26%	32%	20%	9%	21%	11%	23%	9%	5%	13%
Very frustrating	12%	10%	16%	20%	10%	4%	0%	16%	9%	8%	5%	10%
Extremely	3%	4%	15%	3%	0%	5%	0%	9%	0%	11%	3%	8%

Peter, 33, a residential care worker from Stoke on Trent. 'At times it was difficult to get a straight answer from people about mortgages.'

Stuart, 35, a sales rep from Sutton Coldfield. 'With hindsight I should have been more thorough when I was looking, but I was desperate to get on the property ladder.'

Anna, 38, a housewife from Stoke on Trent. 'The mortgage we chose was very good at first, but then shot up! No one was really up-front about the situation, they skirted around the long term issues and concentrated on the immediate.'

How confusing do you/did you find the process?

Not at all confusing	36%
A little confusing	27%
Quite confusing	17%
Very confusing	15%
Extremely confusing	5%

How confusing do you/did you find the process? *By mortgage status*

	Have	Looking
Not at all confusing	46%	24%
A little confusing	27%	28%
Quite confusing	13%	22%
Very confusing	11%	20%
Extremely confusing	4%	7%

How confusing do you/did you find the process? *By mortgage type*

	First mortgage	Re-mortgage
Not at all confusing	31%	37%
A little confusing	27%	28%
Quite confusing	17%	19%
Very confusing	17%	13%
Extremely confusing	7%	3%

How confusing do you/did you find the process? *By region*

	LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
Not confusing	30%	35%	23%	32%	42%	40%	53%	31%	46%	28%	61%	44%
A little confusing	30%	30%	10%	21%	25%	32%	15%	33%	23%	42%	24%	36%
Quite confusing	18%	21%	30%	13%	10%	16%	23%	10%	11%	10%	11%	13%
Very confusing	18%	10%	20%	29%	20%	6%	6%	21%	20%	15%	3%	8%

Extremely	5%	4%	16%	4%	3%	5%	2%	4%	0%	5%	3%	0%
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Do you think you chose the best mortgage for your situation that was available to you at the time?

Base: Those who have decided on a mortgage

Yes	86%
No	8%
Don't know	6%

Do you think you chose the best mortgage for your situation that was available to you at the time? By mortgage type

	First mortgage	Re-mortgage
Yes	85%	87%
No	8%	7%
Don't know	7%	6%

Do you think you chose the best mortgage for your situation that was available to you at the time? By region

	LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
Yes	75%	84%	66%	83%	96%	95%	91%	92%	75%	90%	90%	90%
No	8%	7%	14%	17%	4%	3%	4%	0%	19%	10%	10%	0%
Don't know	17%	10%	20%	0%	0%	3%	4%	8%	6%	0%	0%	10%

If no, how long have you been anxious or worrying that you didn't choose the right mortgage? (In weeks)

Base: Those who selected 'no' to previous question

All respondents	2.5 weeks
First mortgage	3.7 weeks
Re-mortgage	1.6 weeks

If no, how long have you been anxious or worrying that you didn't choose the right mortgage? By region

LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
0.5	6.3	7.2	3.4	0.6	0.2	2.6	0	3.0	0.5	2.2	0

With hindsight, do you wish you had chosen a different mortgage?
Base: Those who have a mortgage

Yes, I regret choosing the mortgage that I did	8%
Yes, because it turned out more expensive than expected	5%
Yes, because interest rates keep falling	2%
Yes, because I now realise a different type of mortgage would have been better for me	9%
Yes, because I've seen cheaper mortgages	9%
Yes, as I believe the mortgage I chose was mis-sold to me	5%
Yes, as I have had sleepless nights worrying about the choice I made	2%
Yes, because the mortgage I chose is too restrictive	4%
Yes, for other reason	2%
Not applicable – it was the only mortgage I could choose	5%
No, I'm happy with my choice	76%
Don't know	4%
<i>Deduce those not happy with choice = 100 – 76+5</i>	19%

With hindsight, do you wish you had chosen a different mortgage? By mortgage type

	First mortgage	Re-mortgage
Yes, I regret choosing the mortgage that I did	9%	7%
Yes, because it turned out more expensive than expected	5%	6%
Yes, because interest rates keep falling	3%	1%
Yes, I now realise a different type of mort. would have been better	11%	7%
Yes, because I've seen cheaper mortgages	10%	8%
Yes, as I believe the mortgage I chose was mis-sold to me	6%	4%
Yes, I have had sleepless nights worrying about the choice I made	3%	1%
Yes, because the mortgage I chose is too restrictive	3%	5%
Yes, for other reason	2%	2%
Not applicable – it was the only mortgage I could choose	6%	3%
No, I'm happy with my choice	72%	79%
Don't know	5%	3%
<i>Deduce those not happy with choice</i>	22%	18%

Thomas, 42, an osteopath from London. 'It was a steep learning curve but I will know better next time – I did rather jump in with both feet!'

Linda, 31, a cleaner from Attleborough. 'I came out of the office with my head spinning! It should be explained better for people who are getting a mortgage for the first time. The brokers spend all their time involved in the subject and forget how confusing it will be for others!'

George, 58, a carer from Lowestoft. 'I couldn't fault the financial advisor who was very speedy and efficient. We were happy with what we got.'

Trevor, 51, a teacher from Wisbech. 'I weighed up all the options, then gave up and went to a financial advisor!'

Penny, 42, a mum from Alford. 'We originally wanted to go with Nationwide because they had a good offer on, but they were so busy we couldn't get adequate service from them so we went elsewhere. I wouldn't go back there now as a matter of principle.'

With hindsight, do you wish you had chosen a different mortgage? *By region*

	LON	SE	SW	E Ang	E Mids	W Mids	Wal	Y & H	NE	NW	Scot	N.I.
Yes, regret	8%	9%	9%	14%	4%	7%	4%	15%	6%	7%	3%	0%
Yes, more expensive	8%	4%	9%	14%	4%	12%	4%	4%	6%	0%	3%	0%
Yes, interest rates keep falling	4%	2%	0%	3%	0%	2%	0%	4%	0%	7%	0%	0%
Yes, different type of mortgage	4%	13%	14%	14%	4%	2%	9%	12%	13%	4%	10%	5%
Yes, seen cheaper	9%	13%	9%	14%	4%	7%	4%	12%	13%	4%	10%	10%
Yes, mortgage mis-sold to me	4%	6%	11%	11%	4%	5%	0%	4%	6%	4%	3%	0%
Yes, have had sleepless nights	0%	3%	6%	3%	4%	0%	4%	0%	0%	4%	0%	0%
Yes, is too restrictive	8%	2%	6%	11%	4%	2%	9%	4%	6%	0%	3%	0%
Yes, for other reason	0%	1%	6%	6%	0%	2%	17%	0%	0%	4%	3%	0%
Not applicable	13%	4%	6%	0%	4%	2%	0%	0%	0%	7%	10%	0%
No, happy	58%	68%	63%	75%	93%	80%	71%	77%	88%	82%	79%	90%
Don't know	6%	7%	11%	6%	0%	7%	4%	8%	0%	0%	0%	0%

Mrs F, 28, an administrator from Dartford. 'I have seen cheaper mortgages which I'd like to change to, but we're tied into this one for six months.'

Pauline, 49, from Frinton on Sea. 'We used a financial advisor years ago and were sold an endowment mortgage. We'd never use one again – we just don't trust them.'

Amanda, 45, a teacher from Hampshire. 'We tend to re-mortgage every few years and leave it to a financial advisor to sort out.'

Mark, 25, a machine operator from Roche. 'We have started looking for a mortgage but it's a bit of a minefield. We're going to rent for a while whilst we get our heads around it.'

Mr M, 34, a food processor from Bodmin. 'You really do need to speak to someone impartial who can explain it all to you simply.'

Louise, 28, a housewife from Norfolk. 'I left no stone unturned! It is an absolute nightmare, so many contradicting terms it was really confusing and has put me off going through the process again.'