

Euro edict could see lenders axe tied advice

7 April 2011 12:00 pm | By [Paul Thomas](#)

Lenders may be forced to either provide advice about rivals' products or scrap their tied-advice propositions in favour of an information-only service due to new European Commission rules.

Last week, the EC set out draft rules for a directive on mortgage lending to standardise and improve lending and borrowing practices across member states.

It says it would only be possible to give advice if the consumer is offered a range of suitable products based on a "fair and wideranging analysis of the products available on the market".

John Charcol senior technical manager Ray Boulger says this is likely to lead to lenders ditching their tied-advice offerings in favour of non-advised sales.

He says: "It seems to me to be the only logical conclusion, on the basis that lenders are not going to be prepared to give advice under the terms of this directive.

The default position is almost certainly they are going to give information only. What the EC has done is make it virtually impossible for lenders to give advice.

That will encourage more people to come and talk to brokers."

The Council of Mortgage Lenders says it is "concerned" about the wording of the point and what it will mean for UK lenders that currently offer advice.