



Second Charge Loans product scenario: Business expansion

These product scenarios are examples of when Precise Mortgages' second charge loans may provide an option for your customers. They do not reflect actual customers or applications made.



Customer scenario

Mr May owns a leisure business and has an interest only lifetime tracker mortgage. He was looking to expand his business and consolidate £40,000 worth of unsecured credit card debt. The credit cards had come to the end of their interest free periods and Mr May was only able to pay the minimum monthly repayment of £1,250.

After speaking to his first charge lender, who would not consider his application for business expansion purposes, Mr May contacted his adviser.



The solution

Mr May discussed his situation with his Financial Adviser who advised him that a Precise Mortgages' second charge loan could help. He accepted a £95,000 loan (plus credit intermediary fee and lender fees) at 64% LTV on a Bank of England Base Rate tracker product.

The case was submitted without valuation. On assessment the Precise Mortgages' underwriting team recognised that it was below 65% LTV so they conducted an Automated Valuation which saved the customer the cost of a full valuation.

Precise Mortgages sent cheques to Mr May, payable to the creditors, to clear the unsecured debts. As there is no maximum cash out rule the balance of £55,000 was transferred to Mr May for his business expansion. The loan reduced his payments on the £40,000 unsecured credit card debt by £450 per month.

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