



Second Charge Loans product scenario: Income release

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 & Mrs Thompson purchased their home for £600,000 and obtained a £320,000 interest only mortgage. At the same time as organising the mortgage, the adviser reviewed their existing life and critical illness policies to provide adequate protection, at a premium of £90 per month.



Current situation

13 months later the adviser received notification that the policies had been cancelled and contacted Mr Thompson who explained the reason for the cancellation.

It transpired that, after an extensive modernisation program, the customers had built up £35,000 of credit card debt, on which they were now just paying the minimum monthly repayment. This debt, along with a £208 per month personal loan (which had approximately 4 years left to run), meant their unsecured credit commitments totalled £1,300 per month.



The solution

As the existing mortgage lender would not consider capital raising for consolidation, and a remortgage was not an option due to early repayment charges, the adviser referred the case to a Master Broker in search of a solution.

The Master Broker sourced a £43,000 second charge consolidation loan (plus broker and lender fees) with Precise Mortgages, at approximately 62% LTV. This loan tied in with the remaining term of the customer's existing mortgage of 122 months. The consolidation loan was a Bank of England Base Rate tracker product with a variable monthly payment of £448 per month. This reduced Mr & Mrs Thompson's monthly commitments by £852 per month. Importantly, this allowed them to reinstate their protection policies.

The adviser received their commission from the Master Broker and the customers were delighted with the outcome.

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