



# It's harder than ever to get a mortgage



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**BANKS** are making it harder to get a mortgage, despite claims they are committed to lending €3.5bn this year.

The personal finances of potential buyers are now being scrutinised in meticulous detail in a way not seen before, with far more rigorous criteria being applied in recent months.

Experts say banks are more cautious about lending now than they have been at any point in the last 30 years.

Banks are now combing through current accounts to check on spending, looking up the applicant's employer's records to see if losses are being made, and turning down applications if people are withdrawing cash on credit cards, experts said.

One mortgage expert reported a couple being turned down after the bank spotted in their financial records that they had a foetal scan carried out. The bank insisted this meant they were going to have a child - which would restrict their ability to repay a mortgage.

Banks that claim to be lending include Bank of Ireland/ICS, AIB/EBS and Permanent TSB. KBC Bank and Ulster Bank are lending to a lesser extent. But mortgage expert Michael Dowling said new buyers were now coming up against more obstacles.

"Banks have money to lend but it is very difficult to get them to lend it. The level of scrutiny and checking of documents has been stepped up," Mr Dowling, of the Independent Mortgage Advisers Federation, said.

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# Banks make it harder to get mortgage despite vow to lend €3.5bn

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He said banks had begun to check applicants' current accounts, Laser or debit card records and credit card statements.

Banks will no longer accept rent payments made in cash, even if a rent book has been stamped by a landlord, he said.

Lenders want evidence of a direct debit set up to pay rents.

And evidence that people are withdrawing cash on a credit card was prompting banks to turn down applications.

He said banks had started to do background checks on employers' finances in the Companies Registration Office.

Employees of companies that are loss-making were being turned down for mortgages, Mr Dowling said.

Applicants were having bank statements pored over, and any applicants considered to be spending too much on luxuries were turned down.

Karl Deeter, of Irish Mortgage Brokers, said the rise in variable rates was making it harder for many potential home buyers.

And banks were stress-testing buyers to see if they can cope with variable rates rising by another 2pc. Bankers were also accused of turning down applicants who have children.

Lenders estimate that disposable income will be down €250 a month if you have one child. This means €50,000 less in approved borrowing for every child.

Trevor Grant of the Expert Mortgage Advisers said: "Overall, there is more credit available in the mortgage market than there was in the last three to five years.

"However, lenders are far

more cautious than they have been since the 1980s. There appears to be a lack of urgency with many lenders regarding the processing of applications, and we need more competition."

The experts said it was important that banks lent prudently given the huge numbers now in arrears, but they insisted many lenders were now being overly cautious.

They said the 11pc fall in the number of approvals in March to 1,167, in comparison with the same month last year, was evidence of this reluctance.

A mortgage approval is where a bank says it will lend the money, but consumers may not ultimately end up drawing down the loan.

## Private

And new figures show that rents have been rising since the beginning of 2011, a move that may prompt more householders to consider buying. Around one-in-five householders are in the private rented sector.

Felix O'Regan, of the Irish Banking Federation, admitted there was demand for mortgages but insisted that lenders had to be prudent to ensure applicants could meet the repayments necessary.

"It is in everyone's interest that lenders are more prudent. It had been relatively easy to get a mortgage. But lenders now need to be robust and challenge people," Mr O'Regan said.

Asked about a fall in mortgage approvals, he blamed the ending of mortgage-interest relief for a surge of lending at the end of last year, and said the market had since eased off.