

New deal for "near-prime" borrowers

One of the biggest "sub-prime" lenders returns after two years with deal aimed at the customers with a less than perfect credit history

James Charles

Kensington, one of the largest supplier of home loans to borrowers with poor credit histories before the credit crunch, returned to the market today with a new deal. The move has sparked fresh hope of a recovery in the mortgage market.

The lender, which is now owned by Investec, the South African bank, unveiled a two-year fixed-rate at 5.69 per cent deal available up to 65 per cent of a property's value for "prime" borrowers with a chequered credit history, described by some as "near-prime".

It is only available through small range of mortgage brokers. It said that more deals would follow.

Keith Street, head of Kensington, said: "Market recovery won't happen overnight and, as you might expect, we need to maintain a cautious approach. We have combined our expertise with the experience and strengths of our parent, Investec, and are ready to improve supply and choice for customers."

The new deal will offer hope to thousands of borrowers who have been shut out of the mortgage market but the tight affordability calculations used by some of the biggest mortgage lenders.

Kensington insists that the deal is for "prime" borrowers with a good credit history rather than "sub-prime" borrowers with a poor credit score that it targetted before the credit crunch. However, it has said that it will be more flexible when looking at mortgage applications than other lenders.

Aaron Strutt, of Trinity Financial Group, the broker, said: "This mortgage is not designed to take on market leading rates, but to get some of the business other high street lenders do not want.

"There is no credit scoring and a more flexible approach to underwriting. Borrowers cannot have had any mortgage arrears or CCJ's in the last two years. Anyone wanting a mortgage that has been turned down by the high street could try Kensington."