

Lenders urged to offer higher LTVs as Skipton withdraws 95% product

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Lenders are being called on to offer higher LTV products following the withdrawal of Skipton Building Society's 95% direct deal last week.

Skipton has withdrawn a number of high LTV deals it launched in May. A 90% LTV deal on a semi-exclusive basis will be offered through Pink Home Loans and Connells but Skipton will not offer any 90% LTV deals direct.

A spokeswoman for the society says the 95% LTV mortgage was launched for a limited time only.

She says: "The 95% LTV deal was a limited edition product. We launched it to test the market but have now filled the tranche."

It has not pulled its two-year fixed rate product at 85% LTV which is available direct and via brokers.

Aaron Strutt, product and communications director at Trinity Financial Group, says Skipton should be commended for launching 95% LTV deals in the first place even though it's disappointing it did not offer them through brokers.

He says: "There are now only a handful of lenders offering 95% LTV deals, such as Yorkshire Bank and Clydesdale Bank. The reasons Skipton has given for withdrawing are fair, but if it can offer high LTV deals other lenders should as well."

A spokeswoman for Lloyds Banking Group says: "We regularly review our criteria and product offering but there are no plans to introduce products at 95% LTV."

"This approach is in line with the market. Our maximum LTV is at 90%, which means we can still provide a significant offering for first-time buyers and borrowers with smaller deposits."

Figures from the Financial Services Authority last month show the proportion of new lending at an LTV of more than 90% accounted for just over 2% of new advances in Q2 2010.

The proportion of new lending at a high LTV had been on a down-ward trend since mid-2007, when it accounted for 14.8% of lending. It increased in the last two quarters with the proportion in this quarter at 2.1% compared with 1.6% in Q1.