

# Attitudes to Second Charge Lending

**At Optimum Credit, we've been working with Pepper Money to carry out some research with YouGov amongst a nationally representative sample of more than 4,000 adults.**

We wanted to better understand customer attitudes to second charge mortgage lending, so we picked two of the top reasons for taking a second charge mortgage to find out how many people are considering this type of borrowing to help them achieve their goals in the next 2 months.

## Here's what we found out:

### Debt Consolidation

- 31% of people have outstanding debt (excluding mortgage and student loans) of more than £5,000.
- However, only 2% of people say they would consider consolidating debt with a second charge mortgage
- More affluent people in social grade ABC1 are more likely to consider a second charge mortgage for debt consolidation (3%) than those in the less affluent C2DE group (1%)

### Home Improvements

- Nearly a third of people (32%) are considering home improvements in the next 12 months.
- Only 1% of those who are thinking about home improvements are considering a second charge mortgage to fund the work.
- However, 34% of people who would fund the work with a personal loan would consider a second charge mortgage if it offered them a lower rate.



## Conclusion

Our research in conjunction with YouGov has shown that, while second charge mortgage lending could prove a suitable choice to help many people finance their objectives in the next 12 months, customer understanding and consideration remains very low.

This presents a significant opportunity for brokers to engage with their customers about their capital raising needs and to discuss all of their options, including second charges.

A second charge mortgage will not be the right option for everyone, but it will be the right option for some, and there are many circumstances where it can be the most cost effective and suitable solution.

If we can help raise awareness and understanding about the options available in the second charge sector, we can help to grow the market and ensure that more customers end up with the most appropriate option for their needs.

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