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HSBC UK MORTGAGE CHANGES HELP 'ZERO HOURS' CONTRACT WORKERS GET ON THE HOUSING LADDER

Mortgage rate refresh makes home-buying up to 0.35% cheaper

Workers on 'Zero Hours' contracts will find it easier to get onto or move up the property ladder with HSBC UK, the bank announced today. This news comes as HSBC UK refreshes interest rates on its mortgage range, with rate cuts of up to 0.35%.

Following a review of the documentation required to support mortgage and remortgage applications and feedback from mortgage brokers and customers, HSBC UK has made changes that will relax certain conditions for evidential documents and make earnings calculations more accurate.

Improvements include reducing the amount of continuous employment required with the same employer from two years to one year, plus replacing the requirement to produce two years' P60 statements with the latest P60. In order to have greater visibility of current earnings and produce a more accurate affordability assessment, the last three payslips will be required instead of one.

Aaron Shinwell, Head of Mortgages and Savings at HSBC UK, said: "A lot has been said about 'zero hours' contracts over the last few years, much of it giving the impression they are inherently bad. The reality is that a significant number of people - approaching two million* contractors working an average of 25 hours a week - are on zero hours contracts, and rely on them for their income. The flexibility suits their lives and their lifestyle, and their needs shouldn't be ignored.

"What we have done is take on board feedback that certain requirements and documentation were hindering Zero Hours contractors' chances of getting onto the property ladder, or remortgaging, with us, and as such our attractive mortgages were not really an option. These improvements will benefit all agency workers."

Changes to its Zero Hours policy is just one example of the improvements HSBC UK has made to its mortgage application process to reduce its time to make it simpler and quicker to get a mortgage with the bank, taking time to offer from an average of five weeks to around ten days, five if an application is done through a branch adviser.

Other improvements to HSBC UK's mortgage process include:

- Instant Decision in Principle providing brokers with immediate clarity of our intention to lend;
- Reducing the need for statements to be provided to support an application by using other sources;
- Simplifying the documents required to support applicants on or due to go on parental or other leave; and
- Improving our underwriting process, reducing time to respond to technical queries.

While HSBC UK has been streamlining the mortgage process, it has today announced refreshed mortgage rates, with up to 0.35% chopped off the cost of its mortgages. Highlights include:

- 5 year fixed, 95% LTV (no fee), chopped by 0.35% to 3.14%;
- 3 year fixed, 95% LTV (no fee), cut by 0.30% to 2.99%;
- 5 year fixed, 60% LTV (£999 fee) reduced by 0.10% to 1.59%;
- 2 year fixed, 95% LTV (£999 fee), down by 0.15% to 2.69%.

(Interest rates correct at time of publication. From time to time interest rates will change. For a current list of rates, click [here](#).)

Aaron Shinwell added: "We are making it cheaper to get on the housing ladder with us, particularly for first time buyers with cuts of up to 0.35%, but also for those with a larger deposit and looking to remortgage or move somewhere new.

"For those on an SVR with us or a different provider, moving to a fixed rate will provide certainty for the next two, three or five years over what they will be paying every month, giving people one less thing to worry about when there could be some economic turbulence on the horizon."

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Note to editors:

*Source: Office of National Statistics Employment and Labour Market report - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/april2018>

HSBC UK:

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HSBC Holdings plc

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