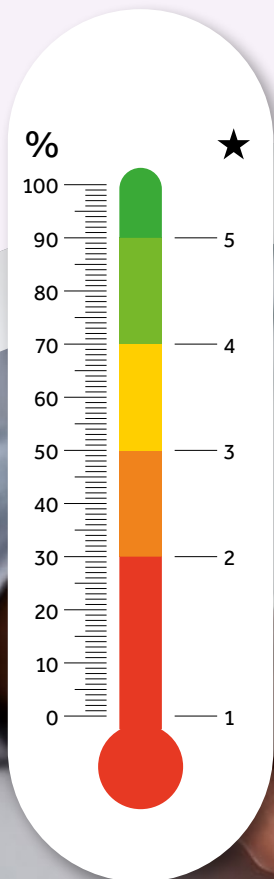


Air Club

LENDER TEMPERATURE CHECK



H2 | 2021

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Forward



With the equity release market finishing 2021 on a record high with £4.8 billion worth of lending to new and existing customers, lenders and advisers were certainly busy as we moved toward the end of the year.

Buoyant property prices also encouraged existing customers to re-evaluate their borrowing and we saw a 14% increase in the value of further advances and drawdown from £0.44 billion to £0.50 billion compared to 2020. Although this is fantastic news for the sector, this arguably created a perfect storm for lenders who saw rising business volumes at a time when their teams were acclimatising to new working patterns caused by changes to lockdown rules. That said, since we started tracking service levels in H1 2020, we have consistently seen lenders striving to better support advisers and the gap between the top and bottom lender closing.

Without wanting to necessarily single out individual providers, a special mention must go to Canada Life which has the highest overall net promoter score (75.85%) and highest service levels (8.18). This is the first time Canada Life has topped the net promoter score which is a huge achievement in this competitive market and it will be good to see what this innovative lender does to maintain this position.

At the top of the table scores remain very tight with sometimes just 0.01 of a score making the difference between first and second place, a fact that needs to be taken in consideration when looking at some of the movements in position across all the categories. Looking ahead this should also be factored in as it clearly illustrates that even minor service challenges can impact not only how a lender places but more importantly whether an adviser chooses to use them for a client.

With each provider being given an opportunity to receive a detailed report on how they scored and a debrief from Air Group, we want to ensure the feedback provided is taken away and, where possible, changes and improvements are made to improve the adviser experience. We congratulate all those providers who made Gold, Silver and Bronze positions during what was an interesting six months, to say the very least. We'll continue to use the 'Temperature Check' to allow advisers to express their views, and in order to work with providers to help drive up service standards and outputs to the highest level possible.

Stuart Wilson, CEO at Air Group

Methodology

Over the two years, the Air temperature check has used over 900 completed surveys to produce a snapshot of the market. This current cohort who accounted for 12% of all equity release business in H2 2021 were asked to rate each lender they had used on five areas (communication, online service, pre/post offer processes and ease of application). Each respondent was also asked to provide lenders with a 'net promoter' score based on three criteria (would recommend, values my business and goes the extra mile). Lenders were then ranked and provided with star rates based on the following scale;

	Over 90% approval rating or a score of 9 or over
	A score of 70% and 7 or over but lower than 90% or 9
	A score of 50% and 5 or over but lower than 70% or 7
	A score of 30% and 3 or over but lower than 50% or 5
	Less than 30% or 3

This data has been used to develop our lender score card which we will continue to build on with each report.

Overview of number of responses

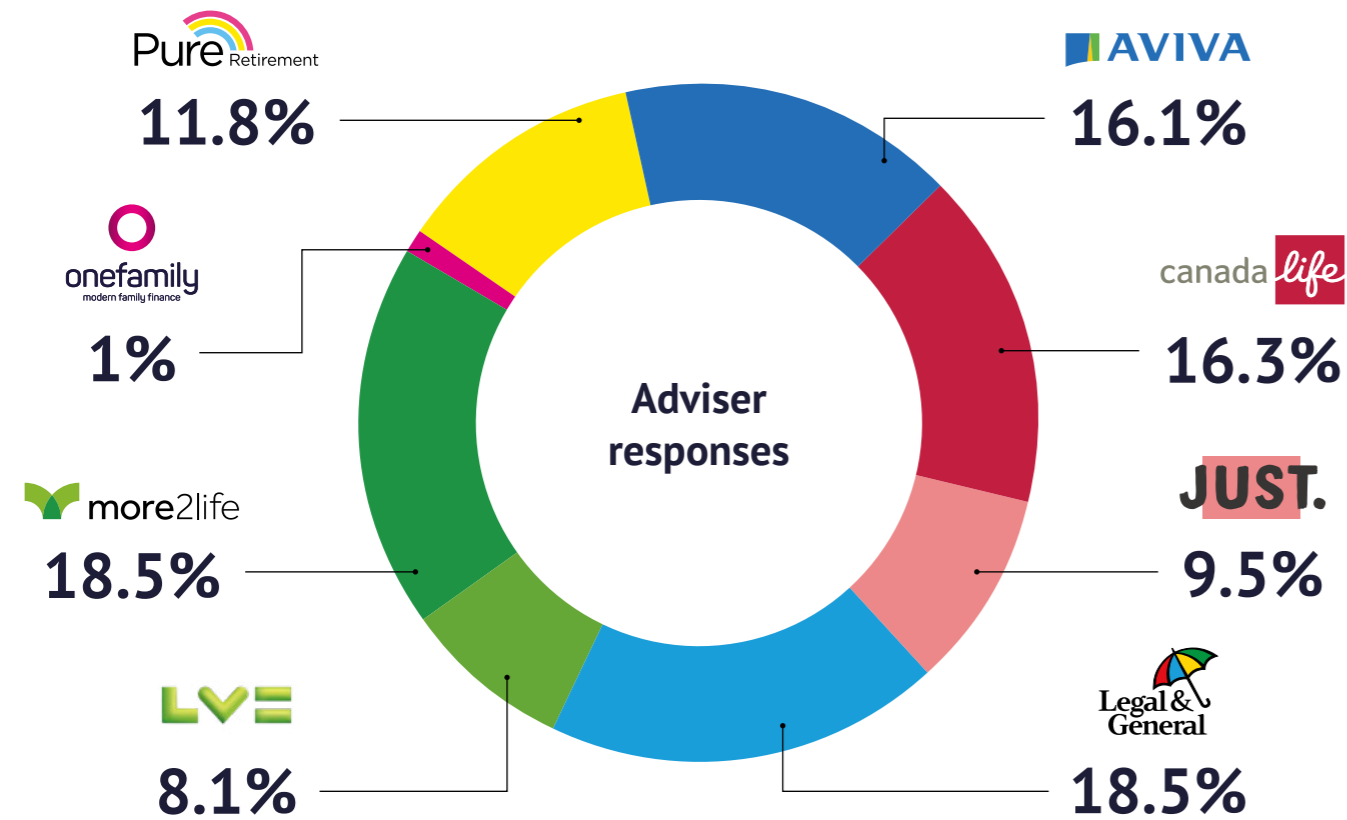


At the end of Q4 2021, Air asked its adviser members to participate in a survey to understand more about the service provided by lenders in the later life lending market.

The survey was based on applications these advisers had processed in H2 2021; 212 advisers participated in the survey providing their feedback and perspectives on lenders within this sector.

Of the 778 unique responses, Legal & General (19.6%), more2life (19.5%) and Canada Life (16.3%) – just pipping Aviva to the post (16.1%) – accounted for the largest proportion of adviser votes. The least often used lender was One Family with just 1% of the response provided by advisers. Followed by LV= (8%) and Just (10%).

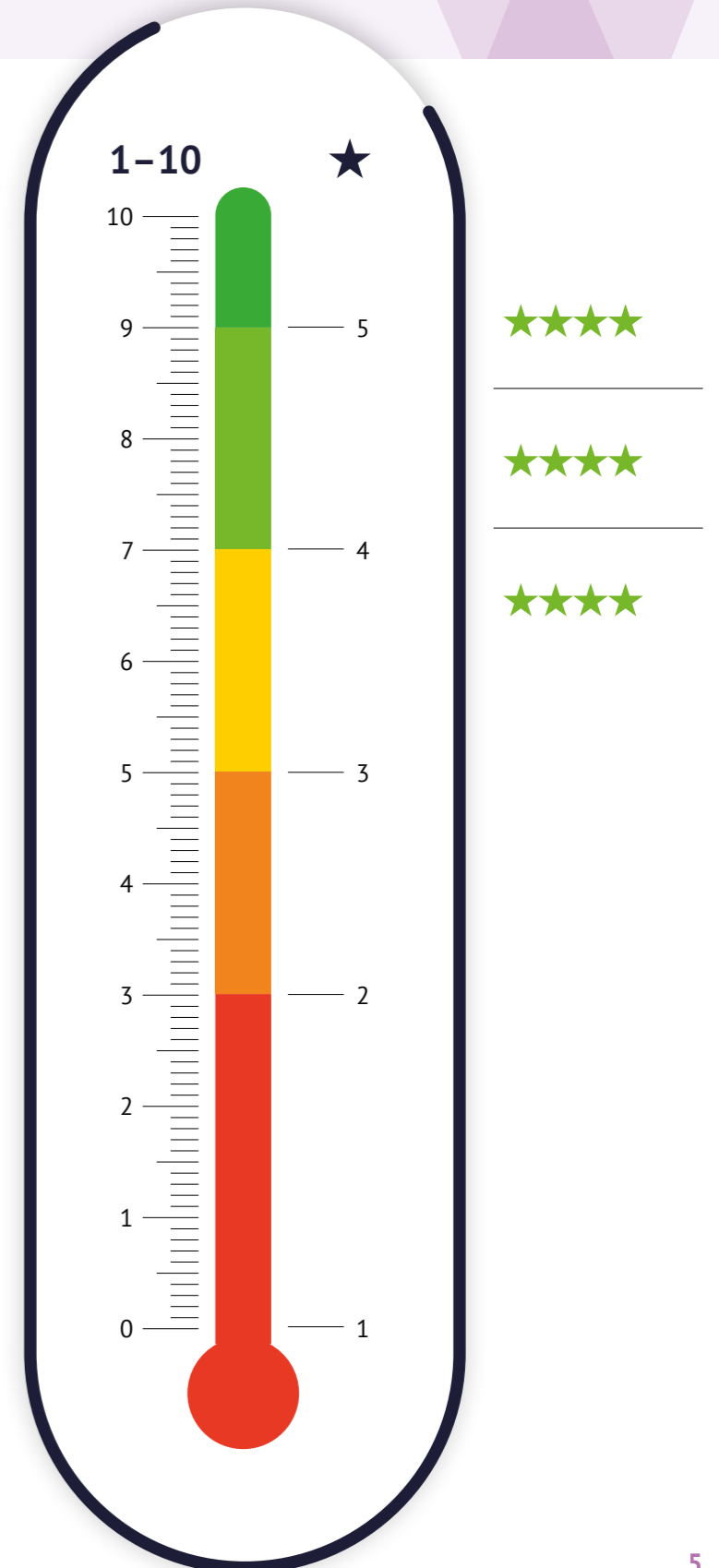
As Air Sourcing is the largest equity release sourcing tool, it would be logical to view this as representative of the market as a whole, with Legal & General, more2life and Canada Life having substantial shares of the market as well as active intermediary engagement programmes.



Overarching scores

1	canada life	8.18
2	Legal & General	8.17
3	onefamily	8.13

Average score of all 8 lenders



In-depth look at each category

Advisers who participated in this survey were asked to score the lenders who operate in the later life lending sector out of 10. With 10 being excellent and 1 being poor. The results correlate to a star rating system and presents us with the Gold, Silver and Bronze ratings.



Ease of application

As the market moved to more familiar working practices, more2life retained their top spot for ease of application – a position they have held since Q1 2020. Canada Life improved their position as did One Family. These results were achieved against tough competition with an average lender score of 7.84 which is the highest recorded.

Rank	Lender	Star rating	H2	H1
1	more2life	★★★★★	8.57	8.56
2	Canada Life	★★★★★	8.54	8.04
3	One Family	★★★★★	8.50	5.58
Average score of all 8 lenders		★★★★★	7.84	7.30



Communication

With lenders adapting to new ways of working as the country started to move towards recovery, advisers expected more than ever before when it came to how communicative a lender is. Indeed, the average score (7.35) has increased by 0.94 since Q1 2020 (6.41). Canada Life (8.05) topped the table followed by Legal & General (7.77) and One Family (7.75). Although certainly encompassing traditional methods such as marketing updates and broker support, the verbatims suggested that keeping advisers and their clients updated on the progress of cases was important.

Rank	Lender	Star rating	H2	H1
1	Canada Life	★★★★★	8.05	7.41
2	Legal & General	★★★★★	7.77	7.70
3	One Family	★★★★★	7.75	4.67
Average score of all 8 lenders		★★★★★	7.35	6.83



Speed of pre-offer process

Legal & General came out on top in this category followed closely by Canada Life and One Family. In the H2 2021 results, One Family while representing a relatively small proportion of the market boasted extremely engaged and enthusiastic supporters. There is a 1.71 point difference between the top performer and bottom of the table which suggests there is certainly room for improvement in advisers' eyes.

Rank	Lender	Star rating	H2	H1
1	Legal & General	★★★★★	8.30	8.10
2	Canada Life	★★★★★	8.18	7.70
3	One Family	★★★★★	8.13	5.17
Average score of all 8 lenders		★★★★★	7.57	7.01



Speed of post-offer process

Legal & General (7.89) retained its top spot followed by One Family (7.75) and Canada Life (7.65) making up the rest of the medal's table. With the market ending on a record £4.8 billion of lending to new and existing customers in 2021, the verbatims suggest that some lenders struggle with significant volumes.

Rank	Lender	Star rating	H2	H1
1	Legal & General	★★★★★	7.89	7.96
2	One Family	★★★★★	7.75	5.25
3	Canada Life	★★★★★	7.65	7.28
Average score of all 8 lenders		★★★★★	7.26	6.85

Net promoter scores



Online service

One Family (8.50) move to the top of the leader board followed by Canada Life (8.31) and Legal & General (8.08). As the market continues to grow, it is anticipated that lenders will need to focus more on their online service offering as advisers expect the later life lending sector to catch up with the approach in the residential mortgage market.

Rank	Lender	Star rating	H2	H1
1	One Family	★★★★★	8.50	5.58
2	Canada Life	★★★★★	8.31	7.68
3	Legal & General	★★★★★	8.08	8.07
Average score of all 8 lenders		★★★★★	7.43	6.94

Overall scores

Canada Life (8.18) narrowly edged out Legal & General (8.17) for the top spot on these service metrics which highlights not only the fierce competition in this market but the vital importance of ensuring advisers are engaged and enthused. One Family (8.13) moved into third place – entering the leader board for the first time. Interestingly, the average score (7.50) is the highest since records began and a substantial step forward from H1 2020 (6.57) which suggests that lenders increasingly see service as a differentiating point.

Rank	Lender	Star rating	H2	H1
1	Canada Life	★★★★★	8.18	7.73
2	Legal & General	★★★★★	8.17	7.90
3	One Family	★★★★★	8.13	5.75
Average score of all 8 lenders		★★★★★	7.50	7.09

- 1 **75.85%**
- 2 **73.55%**
- 3 **71.49%**
- 4 **70.83%**

Average score of all 8 lenders

66.10%
★★★★★



In-depth look at each category

The first half of the survey asked advisers about the service they receive from providers in the later life lending sector. The second half takes a look into the opinions of advisers and the impact providers have on their business. In this section, the majority of lenders received either 3 or 4 stars in all areas, with just three lenders receiving 2 stars in one category.



Values my business

Advisers felt Canada Life (77.95%) valued their business the most followed by Pure (77.17%) and Legal & General (68.97%) suggesting that the work undertaken by their BDMs and adviser support teams were hitting the right note. It is interesting to note that competition is becoming increasingly fierce with just 19.22% difference between the top and bottom of the pack (H1 2020 – 51.64%).

Rank	Lender	Star rating	H2	H1
1	Canada Life	★★★★	77.95%	81.19%
2	Pure Retirement	★★★★	77.17%	71.43%
3	Legal & General	★★★	68.97%	71.20%
Average score of all 8 lenders		★★★	59.73%	67.19%



Would recommend

One Family (87.50%) is the brand that is most likely to be recommended by those who use them followed by Legal & General (84.14%) and Canada Life (83.46%). Further interrogation of the verbatims suggests that lenders really need to focus on making themselves easier to do business with in order to garner the advisers' votes.

Rank	Lender	Star rating	H2	H1
1	One Family	★★★★	87.50%	50.00%
2	Legal & General	★★★★	84.14%	86.40%
3	Canada Life	★★★★	83.46%	87.13%
Average score of all 8 lenders		★★★	66.39%	74.69%



Goes the extra mile

While Canada Life (66.14%) clinched the top spot, it is interesting to note that six out of the eight lenders recorded a drop in the number of advisers who felt that they went the extra mile. The proportion of positive sentiment from advisers also fell to just over half (50.16%) which is the lowest proportion on record. Just (64.86%) and One Family (62.50%) made up the rest of the medal's table.

Rank	Lender	Star rating	H2	H1
1	Canada Life	★★★	66.14%	68.32%
2	Just	★★★	64.86%	66.67%
3	One Family	★★★	62.50%	50.00%
Average score of all 8 lenders		★★★	50.16%	56.43%

Overall scores

Canada Life (75.85%) moved into top spot followed by Pure (73.55%) and Legal & General (71.49%). As with some of the other categories, the voting got tighter with just 5.02% separating first from fourth and 19.32% first from eighth. It would appear that lenders are generally stepping up across the board as competition becomes fiercer than ever.

Rank	Lender	Star rating	H2	H1
1	Canada Life	★★★★	75.85%	78.88%
2	Pure Retirement	★★★★	73.55%	72.62%
3	Legal & General	★★★★	71.49%	71.73%
Average score of all 8 lenders		★★★	58.76%	66.10%

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