

NORTHERN EXASOFT USER FORUM

28 February 2007

MINUTES

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| | <p>Present Chair – An attendee from Royal London Minutes – An attendee from Royal London 4 other attendees from Royal London An attendee from Norwich Union An attendee from Nationwide An attendee from the Cheshire Building Society An attendee from Hazell Carr An attendee from Bradford and Bingley An attendee from Britannia An attendee from CIS An attendee from Aegon An attendee from the Halifax An attendee from Phoenix An attendee from the Marsden Building Society Nigel Pope from the Financial Ombudsman Service (FOS) Marion Malik from Exasoft</p> | |
| 1. | <p>Welcome, Introduction & Housekeeping</p> | |
| 2. | <p>Previous Meeting Minutes – Feedback and Publishing M.Malik from Exasoft and an attendee ran through the last meeting's minutes Point 8- Website for customers to use a Mortgage Fundamentals format – M Malik stated take up was a little slower than expected, however generally things were going well and Exasoft were not experiencing problems with customers and the calculations differing from the Company concerned. Point 15 – M.Malik requested attendees to let Exasoft know if we require any lenders to be added to Mortgage Fundamentals. Only two feedback responses from previous minutes had been received. It was agreed that they were now OK to be published Going forward two weeks will be given for feedback on all minutes and then it will be assumed everyone is happy with them. Exasoft and FOS will verify them first before they are distributed to attendees for feedback.</p> | |
| 3 | <p>Using Mortgage Fundamentals for more complicated redress calculations, E.g. crystallisation. Version 3.02 can now do FOS Scenario Case 7. Notes have been published for this and can be used in conjunction with FOS notes. M.Malik pointed out that just one person going for advanced and mitigation training would help greatly with this and other calculations, a lack of training could be expensive for a Company if they only have a basic knowledge of Mortgage Fundamentals.</p> | |
| 4. | <p>'Add Calc' not copying all lenders M.Malik confirmed that this was part of the system and not a fault and feels that this reflects the majority of cases. If you carry forward lenders but need the first lender you can insert the required lender once all others have been carried forward.</p> | |

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| 5 | <p>Quality focus – training and competence Exasoft have received a Queen’s Award and is looking at sharing this with its users by training people and maybe transferring this onto their Company stationery. Please contact M.Malik if you would like to take this forward</p> | |
| 6 | <p>Can Mortgage Fundamentals be amended so when the lender is entered as Halifax it automatically adjusts first payment to 14 days rather than 1 month? An attendee informed the forum he has looked at cases and compared costs and in fact it does not make a great difference. An attendee said they use one month instead of 14 days as do the majority of attendees (standard MF calculation method). An attendee pointed out different methods for Halifax within Mortgage Fundamentals such as Budget plan (method). An attendee stated they use Budget plan as standard if a pre 1992 mortgage, there was a little confusion between interest rates and lender methods (a general discussion took place). M.Malik recommended only using Budget plan when it is known that the customers were definitely on this methodology otherwise use the standard Halifax method. An attendee mentioned that it is not beneficial to the customer if a budget plan is used and customers were not actually on it.</p> | |
| 7. | <p>Interest refunds on FOS cases M.Malik enquired if we need any other interest rates adding e.g. Standard and Poor rates. It was generally agreed that 8% simple (court rates) and Bank Of England + 1% compound were the only rates used. However there were differences in the instances between Companies when 8% simple and BOE were used. This raised a discussion as to which one to use. N Pope (FOS) said that FOS will consider either (and possibly other rates), as long as we can provide the reasoning to back the decision, but in the absence of a good reason to think a particular rate should be used, FOS will generally default to using 8% as interest for being deprived of money, and BOE+1% as compensation for a loss of investment opportunity. An attendee stated that there have been cases referred back from FOS advising to change the rate used. N Pope however stated in majority of cases 8% simple (court rates) was appropriate.</p> | |
| 8. | <p>Any further progress with quarterly premiums? When asked which Companies had quarterly premiums there was a low response, therefore M.Malik recommended using the adjustments within Mortgage Fundamentals to deal with this such as the annual premium adjustment.</p> | |
| 9. | <p>Focusing Mortgage Fundamentals and expanding product range M.Malik passed out a handout on the past, present and future of Mortgage Fundamentals and gave us an overview of this. Mortgage Fundamentals was originally created for Mortgage Account reconstructions however was redirected more towards Mortgage Endowments in 2001. Companies are using Mortgage Fundamentals for mortgage account reconstruction where errors have occurred such as incorrect terms/rates/methods etc. Exasoft is looking at putting together visuals presentations which their clients can use. 2007/2008 M.Malik informed us that Mortgage Fundamentals is having some key additions to it, which could save lenders a lot of money. Exasoft are taking a proactive view to developing Mortgage Fundamentals so that it can be used for a variety of complaints such as, PPI, bank charges,</p> | |

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| | <p>mortgage forecasting etc. Businesses were encouraged to put forward any possible business need so that development could be included. For the current system the premiums plus interest calculation is to be modified in order to remove unnecessary information for this type of calculation such as the lenders.</p> | |
| 10. | <p>What to do with endowment premiums with mortgage breaks of over 12 months N.Pope from FOS agrees that premiums plus interest is not required in most cases even for breaks of up to several years. However he also stated that it is hard to give guidance, as this issue is very case specific.</p> | |
| 11. | <p>Time – barring complaints An attendee asked what extenuating circumstances had everyone come across? An attendee stated they had two – non-receipt of a letter and a medical reason as to why they had not complained before the time bar date. N.Pope stated FOS looks at how a medical condition effects the customer’s life – i.e. did they still work? Did they change lenders? etc An attendee commented that they always ask for a doctor’s letter where the client stated that they had not complained earlier due to a medical reason.</p> | |
| 12. | <p>Updates, Interest rates, System files and DTA rates To check Mortgage Fundamentals is up to date go into ‘help’ then ‘about’ to access latest update –they should read 020207, if it does not then Mortgage Fundamentals has not been updated correctly. Please ensure that Exasoft has your correct e-mail address and then they can e-mail you as to when the next update will be released. M.Malik asked everyone which method of update was preferred CD, Web or e-mail, the majority responded that they would have to check with I.T M.Malik requested that we send a quick e-mail to confirm receipt of the update and if possible when the update has taken place M.Malik pointed out that updates can alter the calculations and the final compensation figure on previously conducted Mortgage Fundamentals calculations</p> | |
| 13. | <p>Decreasing Term Assurance (DTA) queries Currently no DTA rates on Mortgage Fundamentals pre 1986 and post 2000. Rates were initially researched by FOS in 2001 hence why the rates stop then. N.Pope from FOS will follow this up and feedback.</p> | |
| 14. | <p>Any Other Business Tax on Compensation – An attendee asked which companies paid gross and which paid net? The attendees seemed to be split 50/50. One attendee said their company pays gross/net in accordance with agreement with the Inland Revenue. N.Pope from FOS stated most Companies he has come across pay net, but this was only an anecdotal observation.</p> <p>Updating No loss calculations when they have been referred to the FOS – An attendee has had a few no loss cases that have gone to the FOS where the gain has been significant and the FOS has asked for a re-calculation which takes them some time to do. N.Pope suggested to point this out next time and why it is unlikely to change and this should be OK. N.Pope also informed us that the FOS would normally only ask for an updated calculation after 3 months.</p> | |

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| | M.Malik asked everyone to make the relevant management aware of the ongoing additions to Mortgage Fundamentals (MF) so that these can be factored into the relevant business plans as MF could be used more extensively by more areas of the business. | |
| 15. | Next meeting is planned to be held at C.I.S in Manchester, a date has pencilled in for 27 June 2007 | |