

Mortgage Endowment System Checklist

When using any system for your endowment calculations you should consider the following points;

- Have the results from the system been verified by lenders?
 - *Does the system take into consideration lender system changes (historic)*
 - *Is the system updated with lender changes ongoing and future*
- What is the True cost of your method of calculation?
 - *Compensation payments which are too high result in financial loss*
 - *Compensation payments too low result in reworks at a later date*
- Can the system cater for all the information you need to enter?
- Is the system actuarially correct or does it mimic how lenders really work in accordance with RU89 guidance?
- Does the system accurately take into account when a customer moves lender?
- Does the system handle under / over payments correctly and can it calculate these for you?
- Are your mitigation calculations in line with FOS recommendations?

Whichever system you are using the above checklist should be applied and although in the short term your solution may prove cheaper, overall it may not be cost effective and the long term repercussions may prove far more costly.

The RU89 guidelines state that all companies have the responsibility to verify the results from the software they use for mortgage endowment compensation calculations.

Below are a few valuable comments that we have received during pre-sales conversations;

“Our shareholders would be furious if they thought we were over compensating customers...” – eroding shareholder profits

“Our spreadsheet figures are generally higher than those produced by your system...”
– spent thousands extra on compensation payouts

“We use the same lender for the whole calculation and on average we over compensate customers...” – knowingly over & under compensating, very costly

Mortgage Fundamentals

It is our belief that Mortgage Fundamentals provides our users with the scope to reproduce any type of case. We are committed to continually developing Mortgage Fundamentals so that the time taken to process a case is reduced and that you are not limited in how you process your cases. To our knowledge no other system available is as comprehensive as Mortgage Fundamentals.

We know how important it is to have the correct lender methods in place along with the knowledge of knowing that authenticated updates are occurring on a regular basis.

Support

Exasoft are committed to providing IT products with a full range of supporting services ensuring companies get the very best from our products. For Mortgage Fundamentals we created additional modules to remove many manual operations, along with a host of quality assurance services to ensure results are accurate and overall quality is high.

Background

Mortgage Fundamentals is used on over 100 sites throughout the UK (+ several abroad) and is used to process over 90% of all mortgage endowment calculations. Companies using Mortgage Fundamentals on a daily basis include the Financial Ombudsman Service, the Financial Services Compensation Scheme, the Law Society, Banks, Building Societies, Life Assurance companies, Outsourcers, IFA's and Solicitors.

We also provide a web based system (Mortgage Fundamentals on the Web) just for IFA's processing less than 25 cases per year and this is currently used by over 70 companies throughout the UK.

User group

Users of Mortgage Fundamentals have formed a user group to discuss approaches to calculations, company procedures and any issues with calculations. This group represents some of the main endowment providers and lenders in the UK along with representatives from both Exasoft and FOS.