

Nationwide weighs up demand for superloans

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NATIONWIDE, Britain's biggest building society, is drawing up plans to introduce deals for £1m-plus loans for the first time.

The mutual has quietly been doing a limited number of superloans on a case-by-case basis in recent months, according to brokers, but it is expected to introduce specific rates in the next six months.

Advisers and lenders have reported strong demand for loans of more than £1m despite the weaker performance of the housing market as a whole.

On Friday, Santander, the second-biggest lender, launched competitive fixed-rate and tracker deals on up to £2m for the first time since 2008. It has a tracker at 2.35 percentage points above Bank rate — so 2.85% — for buyers with a 30% deposit. The fee is 0.4%.

Clydesdale Bank has a competitive three-year fix at 3.19% for loans up to £2m,

available through the brokers Private Finance and Trinity Financial Group. A minimum 60% deposit is required and the fee is £995.

Royal Bank of Scotland, 83%-owned by the taxpayer, has also reported strong demand for £1m-plus deals.

Borrowers seeking larger loans can often secure better rates than on the high street.

Barclays Wealth, the private banking arm of the financial giant, offers rich clients with a 25% deposit a rate of 3.99% for a five-year deal, compared with the 5.29% available on the same deal through Barclays on the high street. The bank said that the competitive rates were designed to attract high net worth borrowers "in order to build broader relationships with them".

Last week the private banking arm of another high street lender offered one wealthy client a tracker rate of only 1.2 points above Bank rate, or 1.7%, through largemortgageloans.com.

The growing competition

in the top tier of the market comes as private banks, traditionally dominant in large loans, are reporting brisk trade.

Investec Specialist Private Bank saw a 46% rise in mortgage completions in the three months to August compared with the previous quarter.

Figures released by the Council of Mortgage Lenders last week showed that demand for mortgages is increasingly coming from cash-rich buyers. The size of deposits reached an average 29% in September, the largest proportion for six years.

Nationwide originally confirmed to The Sunday Times that it was offering £1m-plus loans as part of a pilot, but later denied that it had done so. However, it agreed that it was considering such a move. "We have been looking at whether we may be able to offer larger loans in the future but have no plans to increase our limits at the moment," it said.