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## interest rates story

### Lenders get clingy to keep customers

- **By Alex Tilbury**
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Home lenders are making it tricky for customers to switch to a better deal / File

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- Banks make it difficult to switch loans
- Multiple numbers, forms make it tricky
- **Tools: [Find the best home loan](#)**

**MORTGAGE lenders have a few sneaky tricks up their sleeve to keep you as a customer.**

Many borrowers are now shopping around for a better deal and many will find their current lender is not so keen to make it easy for them to switch.

Kevin Sherman, managing director of direct lender **MyRate.com.au**, which is funded by ING Bank, says he's seen many refinance deals delayed because the current lender does all they can to stall and disrupt the process of moving.

"For many borrowers, their current loan is no longer competitive and, as such, there is a huge incentive for them to switch lenders," he says.

"When shopping around borrowers should be aware of common marketing approaches employed by

many lenders to disguise the true cost of a home loan as well as techniques employed by their current lender to delay the process."

Sherman says many lenders try not to action the discharge request form when received from the customer, but to instead put the customer into a retention program.

"They can wait up to two weeks to contact them and when they do, its only to try and convince them to stay," he says.

"This can hold up settlement and keep them in an expensive home loan for longer.

"Phone your current lender once the discharge form has been submitted. Request that they discharge your mortgage immediately and take you out of any retention programs."

Many lenders have multiple phone numbers, fax numbers and online forms. "If you use any incorrectly, you may never get resolution for your issue," Sherman says.

"One of the Big Four banks has multiple fax numbers for existing customers - one for discharges specifically and one for everything else. Faxing the discharge form to the wrong fax number essentially means the discharge request is ignored." The solution is to walk into your nearest branch and physically hand in the papers.

"No one can ignore you if you're standing in front of them. Also, phone regularly for updates just to be sure," Sherman says.

He says some brokers and lenders may gloss over the fees involved in applying for a loan, resulting in the customer not being fully aware of the costs.

"It's only after an application has been approved that many people discover that fees such as valuation and documentation costs may apply and by then it's too late to avoid them."

Sherman also warns people not to believe the lie that once formal approval has been given on a loan, the borrowers are committed to proceed.

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