



COUNCIL of MORTGAGE  
LENDERS

## Five years on from HIPs, 40% of valuations likely to be automated

29/06/2006

New research commissioned by the Council of Mortgage Lenders, and reported today at a CML seminar on home information packs, reveals how lenders really feel about HIPs.

In a survey of lenders undertaken for the CML, it is clear that -

- Lenders are generally supportive of HIPs. Two thirds intend to provide packs. But lenders expressed significant concern that the technical standards necessary to build the required systems to use home condition reports in their processes could not be made available sooner.
- Lenders believe that the number of properties put up for sale will increase in the run-up to HIPs and decrease immediately afterwards.
- Home condition reports are likely to have a major impact on lenders' practices. Nearly 8 out of 10 lenders believe the need for a physical inspection will reduce, and 7 out of 10 believe that the use of automated valuations will have increased a year after HIPs are implemented.
- But the full impact of home condition reports on lenders' valuations will not be immediate. And automated valuations are unlikely to become the default method. Five years after HIPs, lenders still expect physical inspections to account for about half of all valuations, and automated valuations for about 40%.
- Initially at least, there is likely to be a significant strain on surveyors' resources to cope with doing both HCRs and valuation inspections for lenders.

The research also explored lenders' and other stakeholders' views of wider issues in relation to conveyancing innovations. Perhaps the biggest disappointment has been the lack of progress with the National Land Information Service (NLIS). NLIS was established in 2001 to speed up the provision of local authority searches by enabling them to be made and delivered electronically, but three quarters of local authorities are still unable to provide a fully electronic service. There has been inadequate investment, and no compulsion on local authorities to interact fully. This urgently needs to be addressed.

Commenting on the research, CML head of policy Jackie Bennett said:

"This research shows, as we have so often repeated, that lenders are generally not anti-HIP in principle. It is the practicalities, the Government's expectations, and the possible unintended consequences that cause them concern.

"Even those who are enthusiastic about HIPs do not expect to replace physical inspections with automated valuations on a wholesale basis. Currently a physical inspection is used in 99% of applications for house purchase. Although the market may move more quickly than anyone can anticipate, lenders' current best estimate is that 40% of valuations will be automated five years after HIPs have been in place. This is less than the 50% that the government anticipated in its recent regulatory impact assessment, but is still a remarkable rise compared to the position today."

### Notes to editors

1. The Council of Mortgage Lenders' members are banks, building societies and other lenders who together undertake around 98% of all residential mortgage lending in the UK. There are 11.6 million

mortgages in the UK, with loans worth around £1 trillion.

2. A copy of the executive summary of the report 'Mortgage lenders, HIPs and the future of valuations' is attached. The full report will be available by 7 July.

3. The research was commissioned by the CML to review developments in the home buying selling process since the report 'Future developments in home buying and selling' published by the CML in 2002. It also looks in detail at lenders current and future valuation policies in the light of home information packs (HIPS)

4. The report is based on a number of qualitative interviews with a number of key stakeholders across government departments, lenders, estate agents, conveyancers and service providers. This was supported by a survey of all CML members to obtain views on valuations and the impact on policy of HIPs. More than 40% of lenders responded, representing 88% of gross lending in 2004/5. The results are weighted to take into account market share.

## Documents

- [Mortgage lenders, HIPs and the future of valuations - Executive Summary](#)

## Contact Details

**Name:** Sue Anderson

**Tel:** 020 7440 2208

**Email:**

This email address is written by javascript.

[More press releases](#)