

Magazines Trade & Overseas

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At less than three years old, Optimum Credit is one of the newer players on the scene. However, the leadership team behind this rising star is largely formed from the executive team that helped to establish Nemo Personal Finance as a market-leading second charge lender.

Optimum's CEO is Sam Marshall, who was one of the founding directors of both First Plus and Nemo. There are four additional directors who were at Nemo: chief operating officer Ian Praed, IT director Paul Strinati, risk director Jonny Jones and Simon Mules, Optimum's commercial director.

The doors to Optimum Credit were opened on October 11, 2013 by Strinati and Mules and the rest of the executive team joined over the course of the next 12 months. Since the launch, Barnaby Brand has joined as finance director, completing the senior management line-up.

The lender paid its first deal out in June 2014 and has now lent over £120m. Backing is provided by its owner Patron Capital Partners, which represents €3.1bn of capital across Europe.

"Optimum Credit does what it says on the tin,"

explains Mules. "We aim to serve the broker community, with a focus on providing a service and system that makes a broker's life easy. The aim is to lend responsibly without making the journey for either the broker or customer difficult.

"On a more holistic level, we have a unique pricing engine called 'Owl', which takes away the outdated matrix approach and when pricing we treat each customer as an individual."

Brokers certainly have a number of contact points. Day to day, they will mainly deal with national sales manager, Craig Collins, Mike Walters, Optimum's business development manager, and the internal wholesale team, led by Brian Pope, Rachel Richards and Jon Callow.

PRODUCT DELIVERY

Optimum Credit's focus has thus far been on the prime end of the market. In the prime market, it lends from £7,500 to £500,000 and above that by referral. Its typical customer would be described as prosperous (household income of £55,000), a geographical split across Wales, England and Scotland, an LTV of 65% and a credit score of 450 (eligible from 300). Its average loan is £40,000 and the majority of borrowers are aged between 40 and 50 years of age.

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However, it will shortly launch a new product that will cater for near prime and buy-to-let customers: "This product has taken time to come to market as we have taken time to ensure we carry out the right research to ensure the product can be targeted to the right customers," says Mules.

"We believe our approach will help brokers and put Optimum right at the forefront when sourcing products to meet the needs of customers."

What would Mules say to a broker who has never dealt with Optimum Credit?

"Simply ask Y3S or another master broker for a view," he says. "We are supported and funded by major banks, so it's clear we know how to support customers who are looking for mortgage finance."

Indeed, the management at Optimum has known the team at Y3S for over 12 years and Mules says that they recognise a number of synergies. "Both teams work hard, they challenge for success and are prepared to learn together to get the right results. It's no coincidence, that both firms won awards at an industry awards dinner in January.

"Our relationship with Y3S is like a fine wine; it's simply got better and better over time," he adds.

EVOLVING LANDSCAPE

Mules explains that things have changed in the relatively short time that Optimum Credit has been lending. Firstly, that competition has returned to the market, and secondly, the raft of regulatory changes aligning second charge loans more closely with first charge lending. "Both of these changes are viewed positively for the long term health of the second charge mortgage market."

So how did Optimum prepare for the Mortgage Credit Directive? "Hard work and diligence spring to mind," says Mules. "We have some great internal teams, such as compliance, IT and risk that have helped everyone come together to produce documents, systems, manuals and the transition is working well.

"I think it is safe to say that many of the fears were unfounded and many of the changes are positive. This market will go from strength to strength and whilst lenders will always look at themselves first, much of the reason why the market is well



placed to move forward is due to the work that brokers have undertaken to ensure they do not disadvantage their customers."

He is unphased by the more competitive nature of the second charge market and is convinced it can sustain the number of lenders at play in it. "Competition is good for the market, brokers choose where to place business for the right reasons and not personal reasons, and it's this competition which allows lenders to innovate and challenge for market share.

"This market is destined to grow because of the quality and understanding of both the brokers and lenders that operate in this space," he says.

Optimum has already broadened its remit into servicing. Last December, it was selected by house builder Crest Nicholson to manage and administer its second charge shared equity loan portfolio.

The transfer of regulation as part of MCD saw housebuilders (who had originated shared equity portfolios as part of their build and sell models) faced with the

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option of applying for authorisation from the Financial Conduct Authority (FCA) or disposing of the loans they held.

"Since their inception, Optimum's Private Equity backers, Patron Capital, have developed and deployed a successful fund acquisition strategy – primarily focussing on asset-backed purchases," Mules explains. "They recognised the opportunity to enter this space and completed the purchase of two housebuilder portfolios earlier in 2015 with Optimum's in-house customer support team taking on the servicing and management of these books.

"Having quickly demonstrated a level of expertise and appreciation of the specific servicing activities associated with this product we were delighted to be selected by Crest Nicholson to manage and administer their shared equity loan portfolio following in-depth and positive discussions."

Mules argues that developing wider expertise in the specialist servicing area can only enhance the skills and knowledge of Optimum's team and says the firm has benefited both personally and organisationally from this activity.

"Our founding aim was to establish 'the best second charge business in the UK' and that remains core to our strategic direction. Management of these portfolios represents a related extension to our operations in respect of that aim."

With such a clear goal, and the experience, appetite and dedication of its senior management team, Optimum Credit is taking the fight to the leading lights of the second charge market. ¹





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