

# HOW TO BECOME A MORTGAGE ADVISER



FINANCIAL

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# A Career in the Mortgage Industry: A Guide for Aspiring Mortgage Advisers

## FOREWORD

Starting a career as a mortgage adviser is an exciting and rewarding journey, but like any new venture, it comes with its own set of challenges. You may be feeling a mix of enthusiasm and uncertainty as you consider entering an industry that is vital to helping people achieve their property dreams and ambitions.

One of the initial questions you might be asking yourself is, "Where do I begin?" The UK mortgage industry is rich with opportunities, but with that comes the need to navigate various paths to becoming authorised. Whether you're thinking about joining a network, becoming directly authorised by the Financial Conduct Authority (FCA), or starting with an existing firm, each option offers distinct advantages that can align with your career goals. Understanding these options is key to making the choice that's right for you.

Another consideration is the qualifications required to provide mortgage advice. While this might seem daunting at first, it's important to remember that these qualifications are there to equip you with the knowledge and skills needed to succeed in the industry. Whether you're starting with the basics or looking to specialise in areas like equity release or commercial mortgages, there are clear steps you can take to build your expertise.

It's also natural to think about the practical aspects of setting up your career, such as choosing the right systems, understanding compliance, and building a client base. These are all manageable with the right guidance and support. The mortgage industry is filled with resources and communities designed to help new advisers grow and thrive. Mortgage Networks, in particular, offer structured support, training, and access to a wide range of products that can make your transition into the industry smoother.

This guide is here to help you explore the opportunities within the UK mortgage market and to provide clarity on the steps needed to become a successful mortgage adviser. It's designed to break down the information into manageable pieces, so you can move forward with confidence and excitement about the career you're building. By the end of this guide, you'll have a clear understanding of the choices available to you.

Welcome to an industry where your efforts will be instrumental in helping people realise their property aspirations. Your journey will be one filled with potential, growth, and the satisfaction of making a real difference.

**Liz Syms, CEO of Connect Network**

## Introduction to the UK Mortgage Industry

The UK mortgage market is ever-evolving, offering a range of opportunities for those who aspire to become mortgage advisers. A mortgage adviser plays a critical role in guiding clients through the complex process of securing a mortgage, helping them to make informed decisions that align with their financial goals. Entering this profession requires an understanding of both the regulatory environment and the various pathways to becoming authorised to provide mortgage advice.

This guide is designed to provide a comprehensive overview of the options available to aspiring mortgage advisers in the UK. It covers the three primary routes to authorisation, the qualification requirements for different mortgage products, and the pros and cons associated with each route. Whether you are considering starting your own firm, becoming directly authorised, or joining an existing firm, this guide will equip you with the knowledge you need to make an informed decision.



## The Opportunity

The UK mortgage market is substantial, with the total value of residential mortgage loans standing at approximately £1.655 trillion as of early 2024. This market size is fuelled by consistent demand for housing across the country, with around 93,059 mortgage transactions recorded in March 2024 alone. The number of active mortgage accounts and ongoing housing demand provide significant opportunities for mortgage advisers to assist clients in navigating mortgage options and securing competitive deals.

Additionally, the lending market is expected to continue growing. This growth is driven by factors such as ongoing demand for housing, mortgage refinancing, and an increase in buy-to-let investments, which together provide ample opportunities for mortgage advisers to expand their client base and services. According to IMLA, mortgage advisers are set to manage up to 90% of mortgage transactions in 2024. The average mortgage loan size indicates that there is a substantial earning potential for mortgage advisers who can guide clients through these significant financial decisions.

The earnings potential for mortgage advisers in the UK can vary significantly depending on whether you are employed by a company, working as a self-employed adviser or running your own business.

**Employed Mortgage Advisers:** The base salary for employed mortgage advisers typically ranges from £20,000 to £30,000 per year. However, this can increase with experience and performance. Many mortgage advisers receive a commission based on the mortgages they secure for their clients, which can significantly boost their earnings. Experienced mortgage advisers in employed positions can earn between £45,000 and £75,000 annually, including commissions.

**Self-Employed Mortgage Advisers:** For self-employed mortgage advisers, income can be quite variable, as it largely depends on the volume of business they handle and the commission structures they negotiate. This structure could either be as a self-employed adviser under an existing authorised firm, or a self-employed adviser for their own firm.

Self-employed advisers earn a commission, which is a percentage of the mortgage value they secure for clients. The level of this commission means their earnings potential can be higher than that of employed advisers, especially for those who successfully build a strong client base. Some self-employed mortgage advisers can earn as little as £40,000 per year when starting out, but with experience and a solid client base, it's not uncommon for earnings to exceed £100,000 per year. Successful advisers with established practices may earn even more, particularly if they offer additional services such as insurance.

**Running your own firm** For mortgage brokers running their own businesses and employing advisers, the earning potential can be significantly higher compared to individual mortgage advisers. These business owners benefit not only from the commissions and fees generated by their personal client work but also from the overall business revenue generated by their team of employed or self-employed advisers.

Building your own loyal client bank, referrals and pipeline of business is key to seeing a substantial growth in income over time. Due to the general mortgage processing time, it will typically take 6-12 months to build the business and in turn the income. Advisers who move from one company to another often forgo their clients and pipeline of income and in effect have to start from scratch each time they move. So it is important to try and find the right authorisation partner to support your growth from the outset.



## The Skills Needed

To become a successful mortgage adviser, there are several key skills you will need to develop and refine. Here are some of the basic skills required:

1. **Communication Skills:** As a mortgage adviser, you will spend a lot of time talking to clients, explaining complex financial products, and providing guidance. Clear and effective communication is essential to help clients understand their options and make informed decisions. This includes both verbal communication and strong writing skills, especially when preparing reports and documentation.
2. **Customer Service Orientation:** Providing excellent customer service is critical in building trust and maintaining long-term relationships with clients. This involves being attentive to clients' needs, responding promptly to enquiries, and providing a personalised service experience.
3. **Analytical Skills:** Mortgage advisers need to analyse clients' financial situations, understand their needs, and match them with the most suitable mortgage products. Analytical skills are crucial for assessing financial documents, understanding market products, and making data-driven recommendations.
4. **Attention to Detail:** The mortgage application process involves a significant amount of paperwork and detailed information. Advisers must ensure that all documentation is accurate and complete to avoid any delays or issues in the approval process.
5. **Knowledge of Financial Products and Regulations:** A deep understanding of the various mortgage products available, as well as the regulatory requirements governing them, is essential. Advisers need to stay up-to-date with changes in the market and regulations to provide the most relevant advice to their clients.
6. **Sales Skills:** Since part of the role involves persuading clients to choose certain mortgage and protection products, having sales skills is beneficial. This includes understanding client needs, presenting suitable products effectively, and closing deals while maintaining ethical standards.
7. **Time Management and Organisation:** Managing multiple clients and applications at different stages requires excellent organisational skills. Advisers must be able to prioritise tasks, manage their time effectively, and ensure that all client needs are met promptly.
8. **IT and Digital Literacy:** With many mortgage applications and processes moving online, being comfortable with technology and various software systems is increasingly important. This includes using customer relationship management (CRM) systems, research software, and digital communication tools.
9. **Problem-Solving Skills:** Clients may have unique financial situations or face challenges in securing a mortgage. Being able to think creatively and find solutions that best fit each client's needs is a valuable skill for a mortgage adviser.

Developing these skills will not only help you succeed as a mortgage adviser but also ensure that you provide the highest level of service to your clients, building trust and cultivating long-term relationships.

## The Mortgage Products

There are three main categories of mortgage products which are:

- Residential
- Buy to Let
- Commercial

Residential mortgages are those secured on a property the borrower plans to occupy. This also includes Equity Release, which is a special type of loan for older borrowers that has different regulations and qualification requirements.

Buy to Let is a loan secured on a property that is let out to a family or individuals via a tenancy agreement. This also includes Holiday Lets and short-term lets like Airbnb. Most buy-to-let loans are classified as 'business' buy-to-lets and are not regulated by the FCA. It is worth noting, however, there are 2 types of buy-to-Let that fall under the FCA regulations. These are Family buy-to-Lets, where an immediate member of the borrower's family will occupy the property, and Consumer buy-to-let, often referred to as an 'accidental landlord' where the borrower used to live in the property or inherited the property.

Commercial is a loan that is secured on a property occupied by a business rather than an individual. Business loans are part of the commercial category, however these are not always secured against the property.

For each of the above categories, you could arrange either:

- A new purchase loan
- A remortgage or refinance of an existing loan
- A second charge, which is a second loan secured on the property behind the first lender
- A bridge loan, which is a short-term temporary loan.



## How to be a Mortgage Adviser

To become a mortgage adviser in the UK, you must be authorised to provide advice on regulated mortgage products. There are three primary routes to achieving this.

The first alternative is to join as an employed or self-employed adviser in an existing authorised firm. This could be as an adviser for an existing independent mortgage firm or as an adviser for a bank or building society.

Joining an Existing Authorised Firm is a popular choice for those who are new to the industry or prefer not to take on the responsibility of running their own business. By joining an established firm, you can benefit from their existing infrastructure, including access to a wide range of lenders, compliance support, and the opportunity to gain experience under the guidance of seasoned professionals.

This route allows you to focus on advising clients and building your skills without the burden of setting up and managing a firm. It is important, however, to find the right partner as not all firms have the infrastructure to support new advisers.

If you wish to create your own firm there are two choices. You can either join a Mortgage Network or become directly authorised by the Financial Conduct Authority (FCA). With either of these options you can choose to run your own business through a Limited Company framework or as a Self Employed Sole Trader.





# Getting Authorised With Your Own Firm

## Authorisation via an Mortgage Network

If you wish to run your own firm, joining a Network is often the fastest and most straightforward way to start your career as a mortgage adviser. Networks are organisations that have already been approved by the FCA and allow their appointed representatives (ARs) to operate under their umbrella. By joining a network, you gain access to their established systems, lender panels, and compliance support, enabling you to start advising clients more quickly than if you were to seek direct authorisation. Networks typically provide extensive training and ongoing support, making this an ideal option for those who are new to the industry or prefer a structured environment.

Picking the right Network is important, as not all Networks offer an Academy programme that allows new advisers to start their own business without existing experience.

Networks, such as Connect, provide a comprehensive framework that allows you to operate as a mortgage adviser without the need to go through the lengthy and complex process of obtaining direct authorisation from the FCA.

This means you can start advising clients almost immediately, with the confidence that the network is taking care of the regulatory requirements. Networks typically offer a range of membership options, allowing you to choose the level of support that best suits your needs and experience level.

One of the key advantages of joining a network is the support system it provides. Networks are responsible for the advice given by their appointed representatives, which means they offer extensive training and ongoing monitoring to ensure compliance. This is particularly beneficial for new advisers who are still finding their feet in the industry. The network's compliance framework will guide you through the process of advising clients, from conducting fact-finds to completing suitability letters, ensuring that all your advice meets the required standards.

However, there are some trade-offs to consider. While networks offer a ready-made structure, they also impose certain restrictions. For example, some Networks dictate which systems you use and may not allow you to offer advice on certain specialist products unless you pick a specialist network like Connect.

Networks earn their income through membership fees and typically retain a percentage of the commission you earn, which might also be a consideration. This should be weighed up against the costs of paying for things such as systems and insurance which are normally included by the Network. Despite some limitations, for many new advisers, the benefits of joining a network outweigh the drawbacks, particularly in the early stages of their careers.

## Becoming Directly Authorised by the FCA

Becoming Directly Authorised by the FCA is an option for those who value independence and control. This route involves submitting a detailed application to the FCA, including a comprehensive business plan, compliance policies, and evidence of your ability to meet regulatory requirements. While this process can be time-consuming and costly, it offers a level of autonomy, allowing you to design your own business processes, choose your own systems, and retain full control over your client relationships. Direct authorisation is often pursued by experienced advisers who have a clear vision for their business and are confident in their ability to manage compliance independently.

It's worth noting however that not all directly authorised firms can access all lenders and products as some are only offered through large firms and networks.

The process of obtaining direct authorisation involves submitting a detailed application to the FCA, including a comprehensive business plan that outlines how you will meet the regulator's requirements. The FCA will conduct thorough due diligence to ensure that you have the necessary knowledge and experience to run a compliant firm. This process can be lengthy (6-12 months) and costly, but once authorised, you have the freedom to develop your business in line with your own goals.

However, with this freedom comes the responsibility of ensuring that all your processes comply with FCA regulations. This includes regular reporting to the FCA and maintaining up-to-date compliance policies. Many directly authorised firms choose to outsource some of these functions to third-party compliance specialists, which can add to the overall cost of running the business.

Direct authorisation allows you to retain 100% of the commission earned from lenders, however, it's important to weigh this against the costs associated with being directly authorised, such as professional indemnity insurance, compliance support, and the systems needed to run your business effectively.

### Comparative Analysis of the Three Routes

When deciding which route to take, it's important to consider your personal goals, financial situation, and appetite for responsibility. Each route offers distinct advantages and challenges, and the right choice for you will depend on your circumstances, career goals, financial situation, and level of experience.

Criteria	Network	Direct Authorisation	Existing Firm
Time to Get Started	Fast (Weeks)	Slow (Months)	Immediate
Cost Implications	Low Initial Cost	High Initial Cost	Low Personal Cost
Compliance Support	Provided by Network	Self-Managed or Outsourced	Provided by Firm
Autonomy and Flexibility	Moderate	High	Low
Business Growth Potential	Dependent on Network's Resources	High (Self-Directed)	Limited (Under Firm's Direction)
Long-Term Considerations	Possible to Switch Networks or go Direct	Full Control and Responsibility	Career Progression within Firm

## Qualification Requirements for Mortgage Advisers

To provide advice on regulated mortgage products in the UK, you must hold certain qualifications, depending on the type of product you wish to advise on. The most common qualification is the [Certificate in Mortgage Advice and Practice \(CeMAP\)](#), which is required for advising on regulated residential mortgages. Alternatively, you can become qualified through the [Level 3 Certificate in Mortgage Advice](#) qualification offered by the CII.

This qualification ensures that you have the necessary knowledge and skills to provide sound advice to clients and meet the regulatory standards set by the FCA.

For those wishing to advise on more specialised products, additional qualifications may be required. For example, if you intend to advise on equity release products, you will need to obtain the [Certificate in Regulated Equity Release \(CeRER\)](#). This qualification provides the specific knowledge needed to advise on this complex area, ensuring that you can meet the unique needs of older clients who are considering equity release options.

However, not all mortgage products require formal qualifications. For instance, advising on commercial mortgages and most buy-to-let products does not require a specific qualification.

This presents an opportunity for those who wish to enter the industry but may not yet hold formal qualifications, allowing them to start advising on non-regulated products while gaining the necessary experience and knowledge to expand their offering over time.

Business loans, buy-to-let bridge loans and buy-to-let second-charge loans are other examples of products that do not require formal qualifications. These products offer opportunities for advisers who are looking to expand their offerings without the need for additional qualifications. However, as with all mortgage products, it's important to ensure that you are providing sound advice that meets the needs of your clients.

While a formal qualification is not compulsory, there is a relatively new qualification offered by the LIBF called the [Certified Practitioner in Specialist Property Finance](#). This qualification will help you to build knowledge in buy-to-let mortgages, bridge and development finance and commercial loans.

A particularly rewarding aspect of being a mortgage adviser is the opportunity to advise clients on protection plans, such as property insurance, life cover, critical illness cover, and income protection. These products play a crucial role in safeguarding your clients' financial well-being, ensuring that they and their families are protected against unforeseen events. Advising on protection plans not only adds value to your service but also strengthens the trust and relationship you build with your clients.

The regulatory environment for advising on these protection products does not require you to hold a qualification, but the advice is regulated by the FCA. Therefore it is worth considering holding appropriate qualifications, such as the [Certificate in Protection \(CertPro\)](#), ensuring that you are well-equipped to guide your clients through these important decisions.

## Qualification and Regulation Requirements by Product

The FCA regulate the mortgage industry and all advisers are required to adhere to the Consumer Duty requirements. In addition, different product types are governed by different FCA rule books and FCA permissions.

There are four main permissions that you can obtain from the FCA for mortgage and insurance advice. The permissions you need to obtain are based on the product types you wish to give advice on. The four are:

- Mortgages and Home Finance
- Consumer Buy to Let
- Consumer Credit
- Insurance

When you obtain authorisation directly from the FCA, you need to ensure you apply for the correct permissions. If you join an existing firm or a Network, they will be responsible for securing the correct permissions from the FCA and will provide you with a permission certificate which shows the permissions they have granted to you under their authorisation.

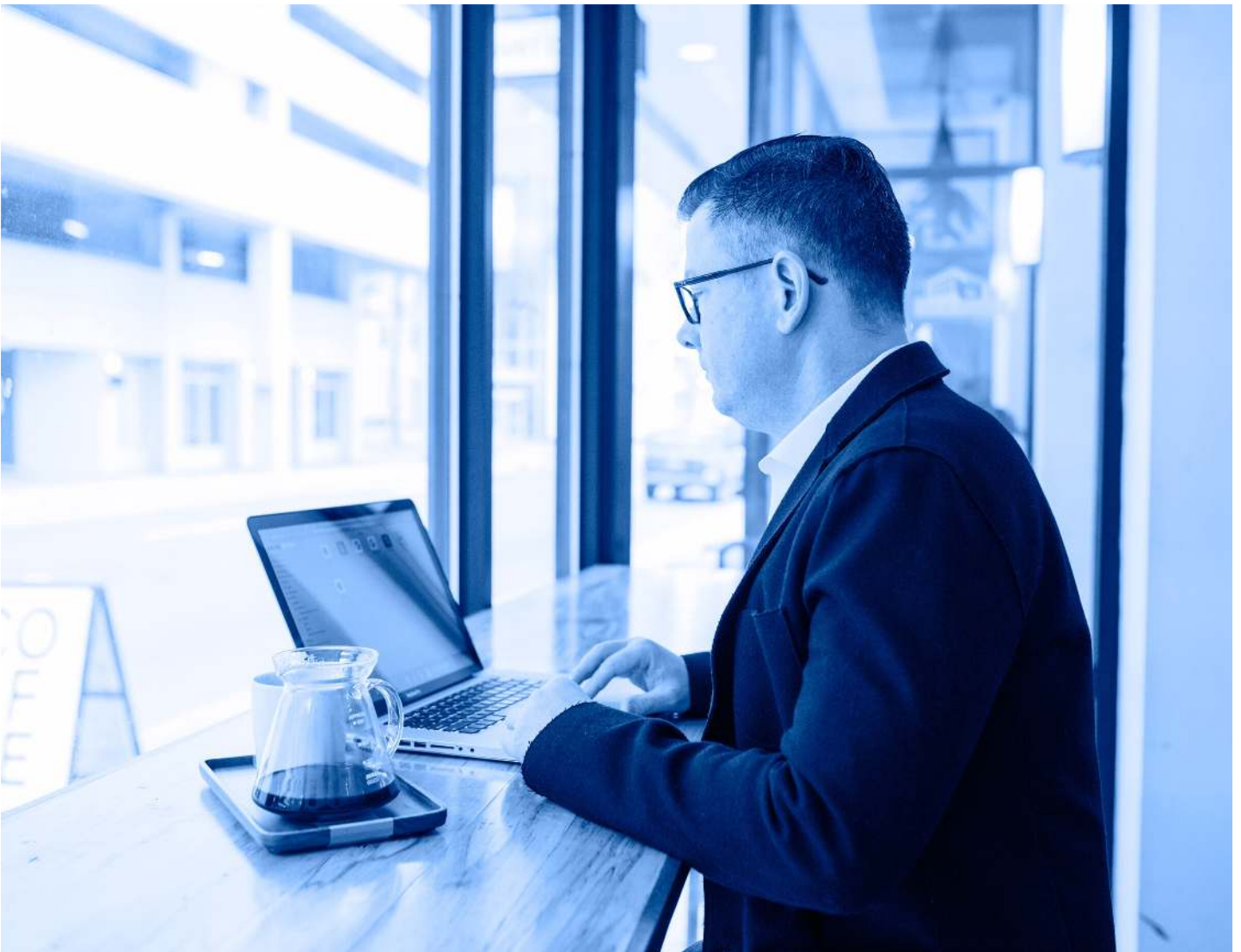
The regulatory and also the qualification requirements by product can be confusing as some products that fall into the same category can be regulated in different ways as per the below table:

Product type	Qualification needed	FCA Regulated
Residential	CeMap or Level 3	Yes – Mortgages and Home Finance
Equity Release	CeRER	Yes – Mortgages and Home Finance
Protection Plans	No	Yes - Insurance
General Insurance	No	Yes - Insurance
Business Buy to Let	No	No
Family Buy to Let	Yes	Yes - Mortgages and Home Finance
Consumer Buy to Let	No	Yes – Consumer BTL
Commercial loans to Limited companies	No	No
Commercial loans to individuals or small partnerships	No	Yes – Consumer Credit
Business loans	No	No

Second charge loans and bridge loans would fall into the category of either residential, buy to let or commercial depending on the borrower and property type that is being financed.

While some products are not regulated by the FCA, many lenders will not allow you to advise on their products unless you hold FCA authorisation, either through your own company or by belonging to an authorised company. So while it is technically possible to run a company without any qualification or FCA authorisation, the products you will be able to offer your clients will be extremely limited. You are also at risk of inadvertently advising on a product that emerges as regulated without FCA authorisation which would be a criminal offence.

While not all products require a qualification, some networks, like Connect, offer support and training for advisers who wish to specialise in these areas. The greater the knowledge that the adviser holds the more clients the adviser will be able to assist and the more successful their business will be.



## Other roles in the Mortgage Market

In the UK mortgage industry, there are several roles beyond that of a mortgage adviser. These roles are essential in the mortgage process, ensuring that all aspects of the mortgage application, approval, and servicing run smoothly. Here are some of the key roles:

**Mortgage Underwriter:** Mortgage underwriters are responsible for assessing the risk of lending to a potential borrower based on the applicant's creditworthiness and financial stability. They analyse documentation such as credit reports, income statements, bank statements, and property valuations.

**Mortgage Administrator:** A mortgage administrator works to ensure that all necessary documentation and information for a mortgage application are collected and verified. They coordinate between the borrower, lender, and other parties to compile a complete mortgage file before it is submitted to the underwriter for review. This role is critical for maintaining smooth communication and efficient processing of applications.

**Compliance Officer:** Compliance officers ensure that mortgage advisers adhere to all relevant regulations, including those set by the FCA. They conduct regular audits, monitor compliance with anti-money laundering (AML) requirements, and ensure that all customer interactions are fair and transparent. This role is crucial in maintaining the integrity of the mortgage industry and protecting consumers.

Although certainly not a requirement, working in roles such as a mortgage underwriter, administrator or compliance officer before becoming a mortgage adviser, provides valuable insights into the mortgage approval process, regulatory requirements, and client management. This experience helps you develop a deep understanding of the industry's operations, improves your analytical and communication skills, and enhances your ability to navigate complex financial products. Such experience ensures you are well-prepared to advise clients effectively and build a successful career as a mortgage adviser

## Conclusion

Choosing the right path to becoming a mortgage adviser in the UK is a decision that should be based on your career goals, financial situation, and personal preferences. Whether you choose to join a network, become directly authorised, or start your journey with an existing firm, each route offers its own set of advantages and challenges.

Take the time to research each option thoroughly and consider how it aligns with your long-term goals. The UK mortgage industry offers a wealth of opportunities for those who are willing to invest the time and effort into building their knowledge and expertise. With the right approach, you can build a successful and rewarding career as a mortgage adviser, helping clients achieve their property ambitions while enjoying a high level of financial reward and personal growth.

## Additional resources:

### Connect Network Brochure

A guide on the benefits and costs for firms joining the Connect Network.

### Network or Direct

A detailed guide to help new firms compare gaining authorisation via a Network or the directly with the FCA: [connectbrokers.co.uk/networkguide2024](https://connectbrokers.co.uk/networkguide2024)

If you would like to find out more about the Connect Network, or to be considered as an adviser for one of our authorised firms please contact us now or book an appointment with one of our recruitment specialists.



