

Who Pays Your Free Mortgage Broker?

**I DON'T
KNOW**



There's no such thing as a free lunch, but that doesn't mean you will receive lower levels of service or expertise from a mortgage broker who doesn't charge you. It just means that someone else is paying for it. Each business will have its own reasons for its revenue model, and each structure offers different advantages.

Approximately 90 per cent of the more than 10,000 MFAA accredited mortgage brokers don't charge a fee for their advice, relying on lender commissions for their income. Others rate their intellectual property as a service worth paying for upfront.

As part of the majority, My Mortgage Professionals has never once charged a client an engagement fee. Tony Imbruglia, Director, says that, while he can understand why some people have introduced a fee-for-service structure to cover costs even when a client takes their business elsewhere, recent survey results reveal that it's not something My Mortgage Professional's borrowers would agree to take on at this stage.

“It’s a tricky thing to introduce, and those who do tend to be independent players,” he says.

“But the truth is, buyers do shop around these days and brokers can end up doing a lot of work and not getting paid for it, especially since the introduction of the National Consumer Credit Protection Act 2009 – that prompted a lot of brokers to start charging. So, we might very well see an increased level of brokers charging in the future.”

The main and very obvious advantage of seeing a finance broker who does not charge a fee is that it lowers the cost of procuring finance and, despite public debate, the different commission structures offered by the various lenders do not impact the finance broker’s recommendations.

Not only are MFAA accredited mortgage brokers bound by ethics agreements that demand they do not suggest loan products that are unsuitable for a client, a broker who prioritised commissions over their clients would see their business suffer as clients realised that they would get a better deal elsewhere.

So, My Mortgage Professionals do not charge for their services.



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