

## Case Study

# Specialist mortgage provider Foundation Home Loans implements ADP



Through various guises, Foundation Home Loans has been involved in the mortgage market since the early 2000s, and made the final transition to becoming a lender and servicer in 2015.

The specialist mortgage provider offers a range of Buy-to-Let mortgages for those ranging from one property through to a large portfolio. In 2019, Foundation Home Loans expanded their offering to also include residential mortgages.

Foundation Home Loans use an intermediary business model and 100% of business is derived from brokers who use a sophisticated broker portal to introduce the business. The highly experienced team specialise in the mortgage market and can cater for those with more complex requirements or circumstances.

### Choosing LendingMetrics

In a specialist and competitive market, a number of factors and components used for credit risk are subject to constant changes. Without a solution that allowed for agile changes to the credit risk strategy, Foundation Home Loans were finding that they were too slow to market and any change to the system could take a number of months to be completed. Foundation Home Loans were seeking a new and improved system that was efficient, flexible and quick to change. The specialist nature of their offering also meant that manual intervention was often a possibility and made for an inefficient process; it was important for Foundation Home Loans to negate the need for any manual processing or workarounds, which were too risky for the business.

### LendingMetrics Company Profile

LendingMetrics is a multi-award-winning financial technology and data specialist based in the United Kingdom and Australia. It leads the way in automated decision technology and is now one of the most recognised technology brands in the sector.

In 2016, following many years of R&D, the company introduced Auto Decision Platform (ADP), revolutionising the opportunity for financial services to quickly deliver increased lending volume, a better customer experience and reduced overheads using automated decisions. ADP utilises proprietary data solutions and is universally connected to all major CRAs, plus many other 3<sup>rd</sup> parties including Open Banking platforms. ADP is a powerful decision engine builder that puts the lender in control of credit rule changes and allows operational/credit risk staff to control changes in real-time through a comprehensive user interface.

Additionally, LendingMetrics is a credit reference agency and AISP Open Banking provider, authorised and regulated by the Financial Conduct Authority. It's robust technology and data infrastructure and "blue-chip" partnership eco-system focus on delivering scalable and secure affordability, suitability and predictive solutions to the entire financial sector.

Foundation Home Loans approached two credit reference agencies to discuss tendering for a new system, but found that they were either prohibitably expensive, the timescales for implementation were too long, or the system didn't quite meet their requirements. Having met with LendingMetrics at a conference, Foundation Home Loans felt that LendingMetrics' Auto Decision Platform (ADP) ticked all of their boxes and the implementation project was swiftly initiated.

### Approach

It was agreed that LendingMetrics would focus on implementing the affordability calculator as the first step of moving Foundation Home Loans' decision tree to ADP. During the implementation process, Foundation Home Loans were conscious that they had a lack of credit risk resources to support the project and with a multi-layered calculator with multiple applicants, the specification process was complex. LendingMetrics were hugely supportive and held regular sessions with the client to understand the detailed requirements as part of the initial requirements gathering phase of the project.

*"We love ADP and have never had any doubts about the product. This is no longer about regulatory requirements – we see ADP as a way of being more competitive in the specialist mortgage market."*

### Robert Lawlor

Head of Credit Risk at Foundation Home Loans

In order to include the regulatory changes required, LendingMetrics were able to build and deliver the UAT environment within a short time window. With the support of LendingMetrics, Foundation Home Loans were able to thoroughly test the system to ensure that the affordability calculator had been replicated. Through a combination of IT testing, front-end credit risk testing and bulk testing via third party consultants Vestigo, Foundation Home Loans felt confident that the solution was fully integrated with their production environment.

### Result

The team at Foundation Home Loans feel very comfortable with the system and are confident that ADP is now enabling them to be highly agile in the marketplace. The business is keen to start designing their roadmap for future use of ADP and see this as the start of a journey to move over their entire decision tree, including their third party integrations.

Neil Williams, Managing Director of LendingMetrics, said "We're delighted to be working with Foundation Home Loans and it has been particularly interesting to implement such a complex affordability strategy."