

# Offering dealers a holistic finance solution

**M**allard Vehicle Finance is seeking dealers to help it on its quest to triple its business in the years ahead.

The company is typically a second- or third-string lender among a dealer's panel of motor finance partners, and specialises in used car finance. It currently has about 9,000 dealers on its books and receives proposals from about 1,000 different dealers a month.

Currently, most are privately owned used car dealerships, but it believes it has a service that will also suit small franchised dealers.

In the near-term, Mallard plans to expand its current 24-strong workforce as it triples the quantity of lending it writes (currently just below £1 million per month), and is extending its Colchester offices.

Developments will include online portals for dealers, so they can upload proposals directly to their file, and a finance application process that will embed into dealers' websites so Mallard could take deals straight from the point of enquiry.

Paul Warland, sales and marketing manager, said: "We take a common-sense approach to lending and, because we lend our own money, we are able to flex our product to cater for all types of dealers, customers and vehicles."

Although it has no maximum age or mileage cap, it only provides hire purchase finance. This is because it believes PCPs are less suitable for non-prime customers who want to get into a vehicle, but don't necessarily wish to change it after three years.

It is also targeting PCP customers who decide to keep their car rather than hand it back, and allows them to refinance the balloon payment with a product called PCP Plus. The finance product, at 9.99% APR representative, allows the customer to spread payments over 24-60 months.

Ed Stevenson, director, said: "Some customers who have a PCP get near the end of the PCP, and they are perfectly happy with the car they are in, but there's the balloon to deal with. We think there is quite a lot of opportunity here."

Mallard believes franchised dealers will also see an opportunity in a third product that is designed to help car buyers who want to change, but still owe more on



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MALLARD VEHICLE FINANCE**

their existing motor finance than their vehicle is worth.

It works by splitting the negative equity out into a personal loan while the hire purchase is provided for the balance. Doing so helps the customer get back into equity more quickly. It's a new solution and, as yet, doesn't have a name, but Mallard is working with its dealers to ensure they, and their customers, will understand it.

Every application is manually underwritten – each is considered by a human rather than software, so Mallard's underwriters can assess applicants who have special circumstances or who have had credit problems.

Recent successful applicants included a man in his mid-60s who sought finance for a high-mileage Land Rover. Senior underwriter Jen Hitchen said he would likely have failed with many mainstream lenders, but Mallard's underwriting process considered aspects such as that he owned his own

home, had an excellent payment record and was a farmer who required the vehicle for agricultural purposes, so the high-mileage car and applicant's age were not considered barriers to the loan.

Hitchen said: "Rather than automatically declining something for one or two of those reasons, we take a view on the whole case."

The company has developed its own identity verification software, which it uses directly with the customer to take the workload away from the dealer. Warland said: "We've identified that time kills the deal, so having that technology behind us helps us speed our service."

"Dealers want to get their vehicle sold, but sometimes if they don't have all the customer's information up-front they can't credit search the customer up-front and even if they could, they might not understand what the implications of that credit search might mean."

Hitchen said: "Where there is something that the customer might fail on, or where the dealer knows there is something that will not quite fit with their primary lender, that's the sort of business that we help with."

Mallard encourages its dealer partners to phone the underwriters if they have any situations where they can help by giving an indication if a customer is likely to gain approval before the application is submitted and recorded against their credit history.

Its service level agreement with dealers is to give a definitive answer within an hour. The acceptance rate is variable, said Hitchen, but on average is between 35-45%. Where some used car dealers have Mallard as their first-string lender, these acceptance rates are higher, added Warland.

If the customer has the correct documentation there and then, Mallard can go from application to releasing funds within two hours.

"We could in theory do the finance while the customer sits and waits at the dealership," said Hitchen.

"People are excited, they've seen and test-driven their new car, and they want it. We understand that, so wherever we can we will get those deals done."

"Of course, this is not to the extent that we compromise our security checks and demands for proof of identification, but if a dealer has advance warning that a customer is coming and wants to take the



vehicle away we can advise which items to ask the customer to bring so we can get it done there and then."

Mallard also finances vans up to 3.5 tonnes. Its manual underwriting process can overcome common challenges such as self-employed tradespeople and start-up businesses that do not have management accounts, by, for example, allowing the directors to provide personal guarantees. It also provides unregulated finance agreements for limited companies.

Stevenson said the industry's concept of 20-minute proposal-to-payout finance is much easier for companies that work only with prime customers. Outside the prime space, it is hard to achieve, he said, but Mallard is working on it.



**WE'VE IDENTIFIED THAT TIME KILLS THE DEAL, SO HAVING [ID] TECHNOLOGY HELPS US SPEED OUR SERVICE**

**PAUL WARLAND, MALLARD VEHICLE FINANCE**

Warland said Mallard's commission structure is constantly under review to ensure it is competitive within the marketplace.

There is also a commission multiplier, so that if a dealer completes five deals with Mallard in a calendar month, they earn an

extra £100 on top of the commission for each subsequent deal.

Warland said: "Dealers have noticed it's quite straightforward to work with us, so once they have done one deal it's fairly easy to commit to doing another. We'd like to deal more with the people we already work with."

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**Mallard Vehicle Finance**  
the sensible finance company