Study: More Lenders Fail to Follow Up with Borrowers

By: Ryan Schuette 08/12/2011

Fewer lenders take the time to follow up with potential borrowers, leading to turned-off applicants, according to a new paper by software and services provider Leads360. The paper said that only 21 percent of mortgage lenders made an attempt to call back borrowers after an initial inquiry.

A Leads360 spokesperson could not immediately be reached to discuss the methodology or offer comment.

The paper, a "secret shopper study," according to Leads360, tracked customer service strategies and follow-up by mortgage lenders with leads and potential borrowers.

"Since the mortgage landscape has drastically changed since the financial crisis of 2008, Leads360 expected lenders to be doing everything possible to reach out to interested and engaged customers," the company said. "The results of this study indicate that lenders are failing to provide customer service indicative of a sucessful [sic] customer response strategy."

The paper faulted major mortgage lenders for their overwhelming failure to implement and maintain consistent customer response strategies, saying that mortgage lenders "were found to underperform on key customer service and sales effectiveness key performance indicators… and lead response benchmarks."

It went on to say that "consumer follow-up strategies employed by the average lender are not reaching their true potential," denoting the failures in categories related to speed of response and lender persistence.

Scott Sheldon, a loan officer with Santa Rosa-based Sonoma County Mortgages, calls the Leads360 paper's results "very valid, very real."

He says his clients approach him with concerns about lender follow-up "all the time," citing bad experiences with other officers that lost their paperwork or never returned their phone call.

"A lot of them give me that complaint right upfront," Sheldon says. "That's just bad service to not call borrowers back."

Asked how he feels bad customer service impacts the housing recovery, the loan officer says that he imagines it "prolonging the economic downturn. If there isn't enough mortgage volume, it doesn't do anything to stabilize the housing sector or the economy. Borrowers that want loans should be followed up with because those are the people who will qualify for loans and help stabilize the market."

Sheldon says he returns phone calls from potential clients within a 24-hour window at the latest. He cites his 100-percent commission-based pay.

"I respond to my clients because they're my lifeblood, and I want to be their lender of choice," he adds.

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