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One in three unhappy home owners stick with mortgage because "lenders are all the same"

The latest quarterly ING DIRECT Financial Wellbeing Index, reveals Australians are ready to leave their home loan lenders but are unsure if it is worth the trouble. Almost one in two (47%) are unhappy with their mortgage. But high exit fees (65%), time-consuming paperwork (46%) and a perception that there's no difference between lenders (31%) are preventing disgruntled home owners getting a better deal elsewhere.

Key findings for Q4 of 2010 (surveyed in Jan 2011)

- Only 46% of home owners are satisfied with their home loan.
- One in three home owners (31%) are thinking of refinancing.
- For 65% of home owners, exit fees are the main deterrent to refinancing.
- Almost half (46%) say the paperwork involved makes refinancing too hard.
- 30% say there's not enough difference between lenders to make a switch worthwhile.

The quarterly Financial Wellbeing Index rates comfort levels across six key areas of household finance including credit card and mortgage debt, savings, investments, household income and ability to pay bills. Respondents rated their comfort level from 1 'very uncomfortable' to 7'very comfortable'.

In the fourth quarter of 2010, household financial wellbeing remained stable across the nation. The Index held steady at 108 between Q3 and Q4, however comfort levels with mortgages dropped from 6.3 in Q3 to 6.2 in Q4 (out of a possible 7).

Mounting mortgage anger sees one in three home owners ready to jump ship

Home owners are increasingly ready to bail out of their current home loan following a series of interest rate rises – including lender-led hikes, in 2010. The proportion of home owners who are unhappy with their loan (47%) now outweighs those who are satisfied with their mortgage (46%).

One in three home owners (31%) are either thinking of refinancing or are in the process of switching but for the vast majority of home owners - 65%, exit fees and switching costs are the chief deterrent from refinancing.

Almost one in two (46%) are put off by the paperwork involved in refinancing, and 30% of home owners feel there just isn't enough difference between lenders to make a move worthwhile.

Big four dominance has fuelled perception that all banks are the same

Mr Don Koch, CEO of ING DIRECT, says "The level of dissatisfaction among home loan borrowers, and the view that lenders are all the same is a wake-up call for providers to prove to consumers that not all lenders are the same. Borrowers who look beyond the big four banks will be rewarded with a wide variety of lenders and loans offering competitive rates and innovative features.

"The fact is that home loans vary widely and homeowners can potentially save a lot of money. Switching is easier than people think and increasingly a number of lenders are removing exit fees altogether," adds Mr Koch.

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For a copy of the report visit www.ingdirect.com.au or call 02 9018 5160

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Research methodology

The ING DIRECT Household Financial Wellbeing Index was complied by Galaxy Research from the online responses of 1,005 households recorded between 5-11 January 2011 (Q4) and September 2010 and October 2010 (Q3).

The data was weighted by region and household size to reflect the Australian household population based on the 2006 census. The level of savings reported in the study is also calibrated to APRA national bank total deposits (households), ABS data and RBA credit card and debt statistics.

About ING DIRECT

ING DIRECT began operating in Australia in 1999. By doing business online, over the phone and through intermediaries, ING DIRECT keeps it overheads low and passes the savings onto customers in the form of competitive rates. Today, it has grown to become Australia's fifth largest retail bank, with $22 billion in deposits, more than $37 billion in loans and around 1.4 million customers.

Please note ING DIRECT is never abbreviated to ING.