

## **Digital Transformation: Next steps**

### **Response by the Council of Mortgage Lenders to the Registers of Scotland consultation paper**

#### **Introduction**

1. The CML is the representative trade body for the residential mortgage lender industry which includes banks, building societies and specialist lenders. Our 141 members currently hold around 97% of the assets of the UK mortgage market. In addition to lending for home-ownership, the CML members also lend to support the social housing and private rental markets.

2. We are grateful for the opportunity to respond to the Registers of Scotland (RoS) consultation on digital transformation. Our response is limited to points of relevance to mortgage lenders only, and therefore does not address all of the questions asked in the consultation. Enquiries on the content of this response should be directed to [jennifer.bourne@cml.org.uk](mailto:jennifer.bourne@cml.org.uk).

#### **General Comments**

3. The CML is supportive of the move toward digital processes for conveyancing and land registration. We have been actively engaged with the RoS in developing their new digital discharge service; and welcome the care that RoS have taken to ensure that this service is well-tested with end users such as the lending community.

4. In terms of the next steps toward digitisation, it would be a logical progression to move from the digital discharge service, onto digital channels for standard securities and dispositions.

5. However, as with any move toward digital processes, ensuring that the process is secure and resistant to fraudsters is vital. There is a perception that digital processes, while more efficient, can be more prone to an increased risk of fraud, given that any face to face or spoken contact is limited, and the speed of the process making it more difficult to identify and prevent fraud. We would welcome additional detail around the steps being taken to ensure the security of systems being used to digitise the land registration process, to provide our members with reassurance in this regard.

#### **Consultation Questions**

6. We have responded to the consultation questions relevant to mortgage lenders.

##### **1. Do you agree that transition to a digital first service should be the next step?**

Yes

##### **2. Do you agree with the proposed timescale of 1 April 2018 for prescribing that advance notices over part be fully digital?**

Yes; with appropriate transitional arrangements.

##### **3. Do you agree with a notice period of six months?**

In our view, six months would be too short a notice period; we know that some of our members, if they require any upgrading or changes to their internal IT systems, often need much longer than this, given the significant calls on their IT resource. We suggest that 12 months would be the minimum, particularly if changes are required to lenders' systems. The closure of the sasine register did not present the same potential need for IT development as does the presumption of digital.

**4. Do you agree the initial focus for digital registration, following launch of the digital discharge service, should be provision of channels aimed at standard securities and dispositions?**

We welcome progress towards the digital execution and registration of standard securities and the likelihood of consequent efficiency gains. However lenders will need to be satisfied that the implications and risks are fully explored and understood, for example the security of the system and resilience against fraud, and the robustness of the digital signature and registration processes.

**5. What deed types do you consider we should prioritise for new services subsequent to securities and dispositions?**

We do not have strong views on this.

**6. Do you consider that for the limited purpose of dual recording, it should be permissible to record an electronic deed in the sasine register or should be permissible to record a paper copy of the digital deed?**

Yes.

**7. Do you agree that ten working days from the date of digital submission is an appropriate period to allow the prior deeds to be submitted?**

Lenders will rely on solicitors to ensure that the prior deeds were provided to ROS within the ten-day period. We are not aware of any reason why the deadline should not be achievable or why the ten-day period should be longer.

**11. Do you agree that instead of prescribing the content of the application form in the Land Register Rules, the keeper should publish the land registration application form on an administrative basis so that it can be amended from time to time, following consultation and due notice, without the need for changes to be made to the rules?**

We agree.

**12. Do you agree that this approach should be adopted for both applications submitted on paper and applications prepared through a digital service provided by the keeper?**

We agree.

Council of Mortgage Lenders  
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