

Refund buys parts of defunct Mortgage Refunds



Wayne Ormond

Mortgage Refunds, one of the first lending services to offer cash back to borrowers in Australia, has been sent into liquidation with parts of the business bought by competitor Refund Home Loans.

Under the deal, Refund Home Loans has purchased the intellectual property of Mortgage Refunds, including trademarks, phone number, website and various other marketing materials.

The managing director of Refund Home Loans, Wayne Ormond, said the move was not a surprise to Mortgage Refund's three franchisees.

Mortgage Refunds and Refund Home Loans both offer the opportunity for its customers to receive cash back if they sign up for a home loan, and have been operating since 2002-03.

Both companies had similar business models, but Ormond believes that Mortgage Refunds did not provide adequate service levels to its franchisees.

Even though both businesses followed similar models, Refund Home Loans has

exploded onto the market, expanding its franchise network of 25 to 125 in the 18 months to December 2006. "We think that

"We think that support is key"

support is key," said Ormond.

"Giving back commissions is great, but you also have to support your franchise," he added.

With a relatively new business that offers clients cash back, there has been some criticism towards both Refund Home Loans and Mortgage Refunds, with some mortgage brokers saying they worry that, in giving rebates, lenders may think broker commissions are too high or generous.

Ormond strongly disagreed with this view.

"That's not the case at all, it's the broker's excuse for not investing in their client base," he said. "Giving money back is a form of investment; our retention is extremely high, and we've only lost seven customers, which is just tremendous." MPA