Arranging loans against classic cars gains in popularity…

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Author: Robin Roberts

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Prices of classics like this Triumph Roadster are rising… (Photo, at South Western Vehicle Auctions, courtesy Chris Adamson).

Robin Roberts reports on the growing trend for loans to be taken out against classic car values.

- As widely reported, the values of classic cars have been increasing in dramatic fashion over the last few years and such vehicles are currently seen by lenders as good bets as assets against which to loan money.
- HNW Lending is one example; here are the headlines:
  - HNW Lending has now provided over £1m in loans against classic cars.
  - 35% increase in enquiries around securing loans against classic cars.
  - Biggest loan provided was £150,000.
- AG Classic Automobiles says classic cars have been rising dramatically in value and racing cars are particularly attractive for investors at the moment.
- HNW Lending, an alternative lender that provides individual loans of between £50,000 and £2 million to clients against their valuable assets, has seen a dramatic increase in enquiries from classic car owners seeking to use their vehicles to secure loans. The company is looking to provide loans against more classic cars because they are easier to validate as genuine when compared with other valuable assets, and because they have been rising in value. The key findings are as follows:
- HNW Lending had 35% more enquiries around securing loans against classic cars for the period October 2016 to March 2017 when compared with the previous six month period. This was also 27% higher than the same period a year earlier (October 2015 to March 2016).
  To date, HNW Lending has provided loans worth over £1 million against classic cars, with the biggest being £150,000 against a 1939 Lincoln Zephyr, a Porsche 911 and a 1957 VW Samba Bus.

  Comment from classic car specialist Ashley Maddox, co-founder of AG Classic Automobiles (www.agclassic.com), which sources specific classic cars for clients and also services and restores them, said: “The value of classic cars rose on average by 467% in the 10 years to March 2016, 161% over five years, and by 17% in the 12 months to March last year. They are one of the best value assets you can own and many of our clients are looking to make investments here and diversify away from stocks and shares.

“There are three main factors driving a rise in the valuation of classic cars, and these are rarity, the story behind a particular make of car and its overall wow factor. Racing cars are particularly attractive and a 1967 Ferrari 275 Spider identical to one driven by Steve McQueen in the film ‘The Thomas Crown Affair’ recently sold for $27.5 million. Similarly, a 1962 Ferrari 250 GTO recently went for $38.1 million. Earlier this year, Bonhams the auctioneer sold an original 1963 Jaguar E-Type Lightweight Competition for $7.37 million, making it the most valuable E-type to sell at auction.”

HNW Lending is using funds provided by its founder Ben Shaw, as well as those of a number of high net worth backers. It provides loans against a range of people’s assets from classic cars, fine wines, jewellery, art and yachts, and more recently it has started lending against property and pension schemes.

It is aiming to provide more loans against valuable assets as it has recently received HMRC and FCA approval to offer Innovative Finance ISAs (IFISA), with minimum investments of £5,000. The company will offer returns of between 7% per annum and 15% per annum.

The HNW Lending process

HNW Lending Ltd. says that it assesses the value of a potential client’s valuable items and based on this it will then find a lender prepared to provide funds against the item or items. HNW Lending will then arrange with the client for their items to be moved into safe storage or if it is a property, for a first or second charge to be registered. This process usually takes no longer than a few working days and a number of same-day car loans have been completed.