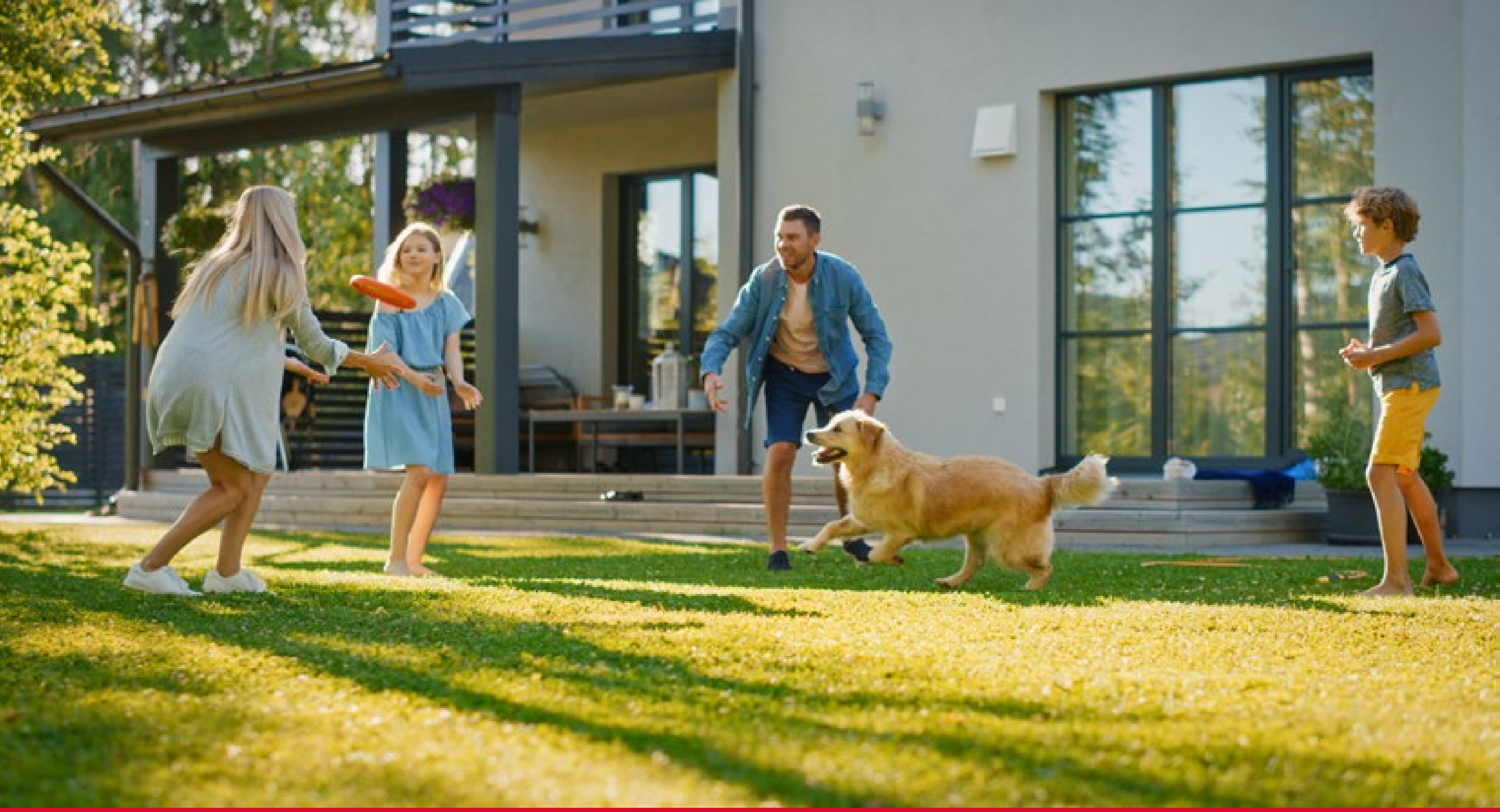


FIVE WAYS TO HELP CUT MORTGAGE COSTS

MORTGAGES hit the headlines last summer when rates started climbing. Around 1.4 million households are set to renew their home loans this year[1]. Mercifully things have settled since late 2022 when five-year fixes were north of 6% - they are now available at around 4%[2].

Even at the new lower rates, most people will see an overnight increase in the amount they need to repay once they remortgage.

Here's how to make sure you get the best deal possible and minimise the hike in monthly repayments.

1. DON'T RUSH TO FIX

Fixed rate mortgages are preferred by most, mainly for the peace of mind they know what they owe each month and that it won't change.

Even though interest rates are still rising, mortgage rates are now coming down. According to Moneyfacts, which tracks mortgage rates, both the average two- and five-year fixed rates fell month-on-month for the third month running, down to 5.44% and 5.20% respectively[3].

The best five-year fixed rate mortgages fell below 4% earlier this month.

If you have plenty of time before your mortgage runs out, you might want to wait a little longer as fixed interest rates are expected to fall further in the coming months. This is not guaranteed of course.

2. CONSIDER BIDING TIME WITH A TRACKER

If your mortgage is up soon but you want a bit more flexibility on choice, a tracker mortgage could be a worthy consideration

But variable deals also typically have no early repayment charge (exit penalty), so if fixed rates fall to a level you're happy with, you could swap and fix your payments without a fee to pay. However, you need to be comfortable that the rate of a tracker mortgage could rise (as well as fall) in the months to come if interest rates rise further.

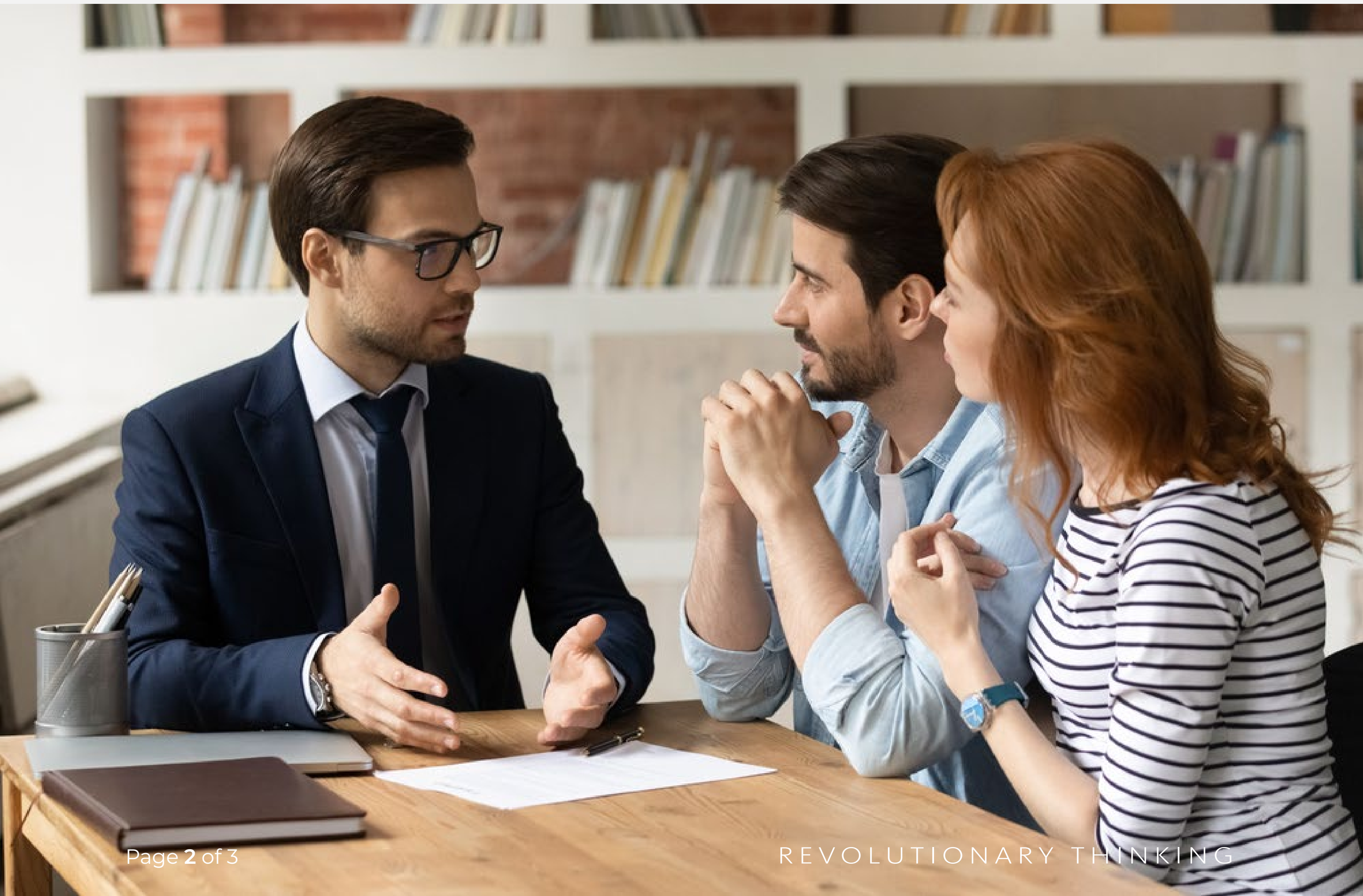
3. DON'T MISS THE EXPIRY DATE OF YOUR MORTGAGE

Once a fixed rate mortgage expires, you are automatically placed on your lender's Standard Variable Rate (SVR). The average SVR is currently an eyewatering 6.84% - the highest on Moneyfacts records since October 2008 when it was 7.01%[4].

Make sure you know the date your mortgage deal expires and work in good time to secure a new deal to avoid a payment shock.

4. TALK TO YOUR LENDER

Your existing lender will be able to talk through options which may turn out to be competitive. But maybe not, so don't agree to anything on the spot. You might be much better off exploring options with other lenders.



5. GET PROFESSIONAL HELP

It's worth talking to an independent mortgage adviser as they often have access to better mortgage rates than those available to anyone on the internet or from a high street bank.

A professional will also be able to help those remortgaging while on maternity or paternity leave on a reduced income, are self-employed or have an irregular income.

Older borrowers might also face difficulty if their lender won't lend to those beyond a certain age.

By approaching lenders they know to be flexible or helpful for such circumstances, your adviser can find the best value mortgage.

Your home may be repossessed if you do not keep up repayments on your mortgage.

SOURCES

[1]https://www.theweek.co.uk/business/personal-finance/958721/uk-mortgage-predictions-where-will-rates-go-next

[2]https://www.bbc.co.uk/news/business-63155597

[3]https://www.yourmortgage.co.uk/news/good-news-the-cost-of-fixed-rate-mortgages-falls-further/

[4]https://www.moneyfactsgroup.co.uk/media-centre/group/mortgage-choice-recovers-and-fixed-rates-dip/