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CELEBRATING 25 YEARS

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MORTGAGE FACTSHEET

REMORTGAGING

Switching to a new mortgage deal could save you money

When you take out a new mortgage, you normally receive an introductory deal – for example, a lower fixed or discounted rate or a lower tracker rate for the first few years of the mortgage. Introductory deals typically last between two and five years.

Once the introductory mortgage offer ends, you'll usually be moved onto your lender's standard variable rate (SVR), which will likely be higher than the rate you have been paying.

WHAT OTHER LENDERS ARE OFFERING

Typically, you may want to consider a remortgage if you're coming to the end of your existing mortgage deal and may be looking for a new deal. If you've been on a fixed-rate, discount, tracker or capped-rate deal, you'll probably have to move back to your lender's SVR once the deal comes to an end. Your lender will almost certainly have some deals with a lower rate of interest than its SVR. You may also want to look at what other lenders are offering.

We can help you take a look at the market to see if switching to a new mortgage deal could save you money. However, it's also important to bear in mind that if you only have a small outstanding mortgage, the amount you stand to save might be too low to make switching worthwhile.

CHANGES COULD AFFECT ANYONE

It's impossible to know exactly when interest rates will rise, and predictions change from one month to the next. Any rise could be as gradual and as little as a quarter or half per cent each time, or there could be larger full percentage point increases. Either way, the changes could affect anyone with a mortgage, but there are a number of ways to prepare for such an increase.

It's worth looking at what the changes would mean to your mortgage rate and monthly payments if you did not remortgage. We can assist you by checking with your lender if you're unsure.

INCREASED MORTGAGE PAYMENTS

You need to see how much you can afford in the event rates rise. A budget will show what money you have coming in, what money is going out and – most importantly – how much you have left at the end. If increased mortgage payments due to a rate rise mean you go from comfortably managing your monthly finances to struggling to get by, use your budget to look at areas where you can make changes to reduce your outgoings.

If you have savings that are not earmarked for something, it may be worth seeing if you can make any overpayments to your mortgage if appropriate. Prior to doing this, it makes sense to check first with your lender. You could make a lump sum payment or increase the monthly payments.

REDUCE THE AMOUNT OF INTEREST

You may also want to switch to an offset or current account mortgage where you use your savings to reduce the amount of interest you pay permanently or

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temporarily – and have the option to draw your savings back if you need them.

However, there are reasons why it's not always the best option to overpay, for example, if you have other more expensive debts or you're not putting money into a pension scheme.

A MORE FLEXIBLE DEAL

Remortgaging might also enable you to get a more flexible deal to reduce your monthly mortgage payments. Whether the fixed rate of your mortgage is coming to an end or you are shopping around for a better deal to save you money on your current mortgage, we are here to help.

There are many different reasons why you may want to remortgage:

- To obtain a more competitive rate and deal than the one you have
- To obtain a more flexible deal, as some mortgages now have additional flexible features than they used to. These include allowing you to overpay, underpay, take payment holidays, repay capital lump sums and change the term of your mortgage
- To raise extra money. You may want to spend this on home improvements or to help your children get on the property ladder
- To move to a mainstream mortgage. If you have an expensive mortgage, perhaps because you had a poor credit history or are self-employed, you may be able to remortgage to a cheaper standard mortgage when your circumstances change

OBTAINING A REDEMPTION STATEMENT

- We'll check to see if there are any early repayment charges on your current mortgage and find out exactly how much you owe by obtaining a redemption statement from your mortgage provider
- You may also want to change the terms of your loan, for example, do you want to extend the term or borrow more money?

ASSOCIATED NEW MORTGAGE COSTS

Other considerations include what type of deal you want, and once we've found a deal you're interested in we can compare the repayments with your existing mortgage. We'll also provide the costs associated with the new mortgage, such as arrangement fees.

The charges should be included in the annual percentage rate of change (APRC) quoted by the mortgage lender. However, the APRC quoted also assumes you will hold the mortgage for the full term, so the APRC is not always the best rate to use when comparing mortgages.

Once we've obtained all these details, we'll work out exactly how much it will cost you to remortgage and consider:

- Penalty fees for leaving your current deal
- Fees associated with the new deal
- Legal fees for remortgaging
- Other miscellaneous charges

This information will enable us to look at how much the new mortgage deal will cost compared to your existing deal. Or, if you are coming to the end of a deal, compare the cost of a new deal with your existing lender and with a new lender. ■

REQUIRE FURTHER INFORMATION?

We can help you with your mortgage needs. Whether you're a new customer or we've previously arranged a mortgage for you, please contact us to discuss your requirements.

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.