

MONEYMATTERS



The Government has announced that mortgage lenders should process applications from people who want to switch lenders within seven days. The idea is that consumers should be given the same level of service as people who want to switch their energy supplier or mobile phone company. However, even the Government proposal comes with small print: the seven days start from the moment when both applicant and lender agree to the terms of the deal. Obviously, no offer could be made until references, credit checks, legal work and surveys have been done, so while a week sounds like a good headline-grabbing figure the reality will be far longer. That said, anything that can be done to speed up the sluggish mortgage application process is to be welcomed.

CURRENT BEST BUY MORTGAGES

Source: SPF Private Clients

Lender	Rate	Until	Reversionary Rate	APR	Max. LTV	HLC	ERC	Product Fee	Exit Fee	Notes
HSBC Bank	1.16%	8/31/2018	3.94%	3.5%	65%	n/a	2%/1% until 31/08/2018. 10% overpayments p.a. without penalty	£249 Booking Fee £1250 Product Fee	-	Max £500k
Post Office	1.33%	6/30/2018	4.49%	4.0%	75%	n/a	3%/2% until 30/06/2018. 10% overpayments p.a. without penalty	£1995 Product Fee	£195	Mx £500k
HSBC Bank	1.99%	8/31/2018	3.94%	3.7%	90%	n/a	2%/1% until 31/08/2018. 10% overpayments p.a. without penalty	£250 Booking Fee £1249 Product Fee	-	Mx £400k
HSBC Bank	1.99%	8/31/2021	3.94%	3.3%	65%	n/a	5/5/4/3/2% until 31/08/2021. 20% overpayments p.a. without penalty	£250 Booking Fee £1249 Product Fee	-	Mx £500k
TSB Bank	2.89%	8/31/2026	3.99%	3.3%	60%	n/a	6/6/6/6/5/4/3/2/1% until 30/06/2026. 10% overpayments p.a. without penalty	£995 Product Fee	£265	Mx £1m. Purchase Only

MONEY TIP

Since the Mortgage Market Review was introduced in April 2014, some people have struggled to remortgage, including older borrowers, many of whom have been trapped with their existing lender. However, the situation is easing. Nationwide will now offer mortgages to pensioners as old as 80, giving them until the age of 85 to pay them back. This is only available to existing customers, the maximum loan size is £150,000 and it can be no greater than 60 per cent of the property value. Halifax is also raising its mortgage maturity age from 75 to 80. In effect, the new rules had become anti-competitive so it was inevitable that lenders would start to ease their maximum lending ages. Other lenders are expected to follow Nationwide and Halifax's lead, although it's worth noting that the building societies are already pretty good at lending to older borrowers, as are the private banks for the right applicant. It's worth speaking to an independent mortgage broker to find the best lender for your circumstances.

Gareth Lowman, SPF Private Clients

3.49%

The Halifax standard variable mortgage rate.

2.49%

The average interest rate on new mortgages, the lowest level since 2004.

NUMBER CRUNCHING

The amount of gross monthly income London borrowers are spending on mortgage payments, the lowest level ever recorded.

1.9%

The value of the 203,000 empty homes in the UK, of which 21,000 are in London

£38 billion

Fixed Rates

SAFEASHOUSES



Despite the Brexit debate scaremongering, Duncan Farmer still considers property a good investment and advises trying to pay off any mortgage while interest rates are still low.

The EU referendum debates will soon be over to the relief of millions and we can put behind us the claims and counterclaims of the consequences for Britain if we were to remain or leave. Among the more outlandish was the suggestion that were Britain to opt out house prices would fall dramatically from their present levels. While this angered many who believed it to be simple scaremongering it may well have influenced younger people struggling to get on the property ladder who would welcome a sharp fall in prices.

Quite how anyone can pinpoint precisely how far prices might fall is a mystery, as almost nobody has forecast either the meteoric rise in property prices, particularly in London, since the credit crunch almost nine years ago, nor has anyone, including me, accurately predicted for how long interest rates would remain as low as they have.

All anyone can say with certainty is that UK property has always, over the medium to long term, been an excellent investment and that the sooner you can pay off your mortgage the sooner the prospect of a rise interest rates does not matter.

At a time when rates are as low as they are it makes far more sense to use any spare cash to overpay either a fixed amount each month or big chunks of cash. With building societies paying little more than 1 percent on deposits and mortgage rates averaging about 3.5 per cent, leaving money in someone else's safe is in effect costing you money. Additionally, interest on savings attract tax, whereas paying it off your mortgage does not.

The real beauty of overpaying is that it cuts the length of your mortgage and the term. The quicker you can clear the capital debt the less interest you will pay.

For example, anyone with a £500,00 25-year repayment on the average standard-variable rate of 3.49 percent who opted to overpay £200 a month would end up saving themselves £31,000 in interest and would clear their debt two years and nine months early.

If the same borrower stretched that to £400 a month, the savings in interest would be more than £55,000 and the loan would be cleared exactly five years early.

Almost all lenders allow overpayments, even fixed-rate loans although there are some restrictions and many will limit the amount of overpayments to 10 percent of the total loan in any one year. It is Worthing checking the terms and conditions first, but it is certainly worth exploring.

Variable Rates

Lender	Rate	Until	Rev. Rate	APR	Max. LTV	HLC	ERC	Product Fee	Exit Fee	Notes
Natwest (Via selected brokers)	1.28%	Tracker over base until 30/09/2018	3.99%	4.5%	60%	n/a	3/2% until 30/09/2018. 10% overpayments p.a. without penalty	£999 Product Fee	£265	Mx £1m. Purchase Only
Tesco Bank	1.45%	Tracker over base until 30/06/2018	4.24%	3.8%	75%	n/a	2% until 30/06/2018. 20% overpayments p.a. without penalty	£195 Booking Fee £800 Product Fee	£90	Mx £1m
Nationwide	1.84%	Tracker over base for 24 months	3.99%	3.7%	85%	n/a	None	£999 Product Fee	£65	Mx £750k. Free Valuation & Free Legals for remortgages
Coventry BS	1.75%	Variable rate for term	n/a	1.9%	65%	n/a	None	£999 Product Fee	£125	Mx £1m. Free Valuation. Free Legals for remortgages

A beautiful home needs a beautiful mortgage

Whether you are buying your first home, next home or need to remortgage, look no further than SPF Private Clients for specialist mortgage advice.

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

There will be a fee for mortgage advice. The precise amount will depend upon your circumstances and loan amount. We estimate that the fee will be 0.67% of the amount borrowed.

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