



MONEY MATTERS

The number of mortgages approved fell to a seven-month low in April, according to Bank of England data. Lenders approved 64,645 mortgages last month, slipping from a downwardly revised 66,043 in March and well below average forecasts in a poll of economists carried out by Reuters. The BoE said net mortgage lending rose by £2.731 billion in April, the smallest rise in a year. Borrowing by consumers also slowed. Consumer credit in April rose by £1.525 billion, down from an increase of 1.613 billion in March. Spending by households helped the economy to grow strongly last year, but there have been signs of caution among consumers since the start of the year. However a poll showed that while people were gloomy about the economic outlook for the country as a whole, they were upbeat about their own finances.

BESTBUYMORTGAGES

Source: SPF Private Clients

Lender	Rate	Until	Reversionary Rate	APR	Max. LTV	HLC	ERC	Product Fee	Exit Fee	Notes
Yorkshire BS	0.99%	8/31/2019	4.74%	4.2%	60%	n/a	2%/1% until 31/08/19. 10% overpayments p.a. without penalty	£1495 Product Fee	£90	£5m
Halifax Via Selected Intermediaries	1.16%	9/30/2019	3.74%	3.3%	75%	n/a	2%/1% until 30/09/19. 10% overpayments p.a. without penalty	£999 Product Fee	-	Max Loan £1m
HSBC Bank	1.34%	9/30/2019	3.69%	3.3%	85%	n/a	2%/1% until 30/09/19. 10% overpayments p.a. without penalty	£99 Booking Fee. £900 Product Fee	-	Max loan £400k. Free Legals for remortgages
HSBC Bank	1.69%	9/30/2022	3.69%	3.0%	60%	n/a	5%/4%/3%/2%/1% until 30/09/22. 10% overpayments p.a. without penalty	£99 Booking Fee. £900 Product Fee	-	Max loan £5m. Free Legals for remortgages
Coventry BS	2.39%	6/30/2027	4.24%	3.5%	50%	n/a	5%/5%/3%/3%/3%/1%/1%/1%/1%/1% until 30/06/27. 10% overpayments p.a. without penalty	£999 Product Fee	£125	Mx £1m. Free Valuation. Free Legals for remortgages

Fixed Rates

MONEY TIP

With bank rates at rock bottom and savings not earning much, overpaying on your mortgage can be a sensible decision.

Since mortgage rates have been at record lows, more people have been taking advantage and overpaying in an attempt to pay less interest and clear their balance more quickly. Someone with a £500,000 mortgage with a 25-year term and a rate of 2 per cent who overpaid by £200 per month, for example, would pay £15,732 less in interest and reduce their mortgage term by two years and nine months. Another advantage of overpaying is that you get used to a higher mortgage payment each month so when interest rates do start rising, it should come as less of a shock.

Borrowers should take heed of the particular requirements of their lender and check before making any overpayments. Most lenders will let you overpay by a maximum of 10 per cent of the mortgage amount per annum; any more than that and you will be charged an early repayment charge for doing so, which defeats the whole object. While reducing your mortgage is nearly always a good idea, before you do overpay, you should also clear more expensive debt on credit and store cards, as those will be costing you more. There is little wisdom in overpaying when your mortgage rate is say 3 per cent, when you have debt on your credit card which is charged at a rate approaching 20 cent.

If you do decide to overpay on your mortgage, you must also make sure to keep some money back for emergencies, as money overpaid is often impossible to get back again. A contingency fund equal to say six months' worth of outgoings kept in an easy-access savings account is often a good idea, although the exact amount will depend on what you are personally comfortable with.

Gareth Lowman, SPF Private Clients

£4,900

The annual average difference between someone on a standard variable rate loan compared with a fixed rate

287

The number of 95% mortgages on the market. In 2009 there were six

NUMBERCRUNCHING

3rd

London's place in the top 10 most sought-after locations in the UK, behind Edinburgh and Croydon

84%

of first-time buyer mortgage applications are successful, compared with 70% a year ago

COULD ACAP FIT?



Should the new government consider interfering in mortgage rates, asks Duncan Farmer

Now that, mercifully, the general election is behind us, normal life can continue until the next time and the media will spend the coming months trying to spot how many of the new government's manifesto pledges have gone out of the window. Immigration and the shape of Brexit will be the two big ones, and another that most parties seemed agreed on was the need to cap electricity prices, but what about mortgages?

The cap on energy prices for some people introduced in April is thought to save 4 million bill payers about £80 a year. A handy sum, but nothing to write home about. One suggestion during the campaign – that making banks offer every mortgage borrower their lowest interest rate – would save them double that every month.

At the time of writing the average two-year fixed rate was 1.42 per cent compared with the average lender's standard variable rate of 4.49 per cent. Anyone with a £200,000, 25-year repayment mortgage would save £163 a month by being on the fixed rate.

The idea that a government should get involved in the market for home loans, which are optional, whereas utility bills are not, may seem a step too far for the nanny state. However, the Irish government looks likely to pass just such a law, because campaigners say that Irish borrowers with a €300,000 mortgage are paying €200 a month more than their peers in France and Germany where such a cap exists.

Bizarrely one objection came from the European Central Bank, which said that such a cap would be unconstitutional. The Dublin parliament has overcome that objection and a new law is likely to come in over the next few weeks.

One stumbling block in the UK could have been that the bank that lends the most to house buyers was Lloyds, which owns Halifax. Lloyds was of course rescued by the government and could have had a lot to lose by a cap on its profitable standard variable rate loans, but the state's stake in the lender has been sold, so that objection has gone.

Until the government does introduce a legal cap, borrowers must do it themselves. It's not difficult and the savings are obvious.

Nationwide says that it will no longer lend money to buy new build properties with punitive clauses on ground rents or shorter leases after it emerged that one house builder had a clause in the lease of new properties that the ground rent, which starts at £295 a year would double every 10 years, according to The Daily Telegraph. This means that in 50 years' time the ground rent will be £9,440 a year. Nationwide said the maximum acceptable starting ground rent on all new build leasehold properties would be limited to 0.1pc of the property's value, adding that ground rents had to be "reasonable". The stipulation means that on a £400,000 home the maximum ground rent would be £400 a year.

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.

Call SPF Private Clients on:

0870 900 7762

for more information

spf.co.uk



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The FCA does not regulate some forms of buy-to-let, overseas or commercial mortgages. SPF Private Clients, 25 Finsbury Circus, London EC2M 7EE.

Variable Rates

Lender	Rate	Until	Rev. Rate	APR	Max. LTV	HLC	ERC	Product Fee	Exit Fee	Notes
Yorkshire BS	0.89%	Discount from SVR until 31/08/19	4.74%	4.1%	85%	n/a	1% until 31/08/19. 10% overpayments p.a. without penalty	£1495 Product Fee	£90	Mx £5m
HSBC Bank	1.14%	Tracker over base for 24 months	3.69%	3.4%	75%	n/a	None	£99 Booking Fee £900 Product Fee	-	Mx £2m. Free Legals for remortgages
HSBC Bank	1.29%	Tracker over base for 24 months	3.69%	3.6%	85%	n/a	None	£99 Booking Fee £900 Product Fee	-	Mx £400k. Free Legals for remortgages
Coventry BS	1.49%	Variable rate for term	n/a	1.5%	85%	n/a	None	£999 Product Fee	£125	Mx £1m. Free Valuation. Free Legals for remortgages