

MORTGAGE VIEWPOINT

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DOWNTON & ALI ASSOCIATES

If you want to discuss how the details in this newsletter
may affect your financial plan please contact us



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Why you should get mortgage advice

Taking out a mortgage could be one of the biggest financial decisions you'll need to make in life, so it's important to get it right.

You could 'go direct' to find the right mortgage for your circumstances – as long as you're prepared to spend time and effort scouring a very competitive market for the lender and deal you feel most comfortable with.

You'll also need to consider things like lender administration and booking fees, the length and type of mortgage you need, valuation costs and repayment methods, all of which can affect the total cost of your loan. And you'll need to take out insurance; for buildings and contents and to protect your mortgage payments if you have to stop work.

Lenders will, of course, be able to give you guidance on any mortgages they offer, but you won't necessarily know how their deals compare to other deals on the market.

Unlike lenders, we don't have a vested interest. In fact, as part of Openwork, one of the UK's largest financial adviser networks, we can access competitive rates from most of the UK's best-known lenders, many of which aren't available on the high street.

What's more, we will take the time to get to know you, your circumstances, and your overall financial position. We'll also want to understand what type of mortgage you believe is right for you and talk you through the pros and cons of each option.

Using our expert knowledge and database of several thousand mortgages, we will find the ones most suitable for your needs.

We'll work with you to complete the relevant paperwork and liaise on your behalf with solicitors, valuers and surveyors. We can also talk you through the features and benefits of financial protection for your new property and we'll stay in touch throughout the process – and into the future.

If you'd like more information, or you need help planning your first, or next, property purchase, please get in touch.

Advice from your lender

Advice from us

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



When your current mortgage deal comes to an end you might be tempted to do nothing and simply move on to your lender's Standard Variable Rate (SVR). However, by doing so you could risk your mortgage rate more than doubling.

SVR tend to be higher than the rates offered by other types of mortgage like tracker. In January 2019, the average SVR was 4.9%, compared to 2.52% for a two-year fixed-rate mortgage. Over the life of the mortgage this can mean paying thousands more interest than you need to.

Remortgaging to a better deal

Finding a new mortgage deal is a lot easier than getting your first mortgage. You don't have the stress of finding a home, working with estate agents, negotiating contracts or worrying about onward chains.

When it comes to remortgaging you could choose to stay with your current lender, and they might offer you something tempting to stay with them, but you don't have to. Switching to a new lender may seem like hassle you don't need, but it's worth the effort as it could mean you get a better rate.

Whether you're staying with your current lender or moving to a new one, just as with your initial deal it can pay to get advice to help find the most suitable mortgage for your needs. That's where we come in.

The value of our advice

We'll look at your current deal and work out if there are any exit fees or early repayment charges. We'll discuss your needs and future plans; whether you want to pay off your mortgage early or you're looking for lower monthly repayments.

We'll check any changes in circumstances and how they impact your financial plans; have you started a new job or reduced your hours to care for a new baby?

What's more, We'll complete your mortgage application and take care of the legwork for you. As part of Openwork Ltd, one of the UK's largest financial adviser networks, we can access competitive rates from most of the UK's best-known lenders.

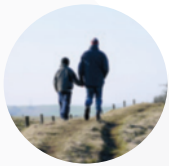
You may be able to save money if you switch to a new deal. Don't leave it too late and end up paying more than you have to. Contact us today to discuss your remortgage.

Are you at the end of your deal?

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

'Mortgage prisoners' may be able to remortgage

You may have heard the term 'mortgage prisoners' but not know exactly what it is. Mortgage prisoners are those who are trapped in their current mortgage deal and are unable to remortgage or move.



How did Karen and Richard become mortgage prisoners?

"Unfortunately my work circumstances changed last year, meaning Karen and I can't pass the affordability check. If we were able to switch we could save a lot of money by having a lower interest rate."

The Financial Conduct Authority (FCA) has estimated around 150,000 borrowers are stuck as 'mortgage prisoners'. Some of the main reasons are —

- **A change in circumstances, such as credit issues or a lower income since they bought their home.**
- **Not meeting the affordability rules which changed in the 2014 Mortgage Market Review**
- **Negative equity – which could be due to the 2007/08 financial crisis**

Being stuck on your current mortgage deal can be a costly frustration. Those that come to the end of their existing deal may be moved onto a lender's Standard Variable Rate which can be expensive, with average rates higher than many available deals. In some cases, this could be more than double the rate of interest.

There may be hope on the horizon...

After a campaign by a group of 'mortgage prisoners', who originally mobilised via social media, the FCA has proposed plans to help people move to a cheaper deal.

Customers who are both up-to-date with payments and looking to remortgage without additional borrowing will be given a more appropriate affordability assessment to assert whether they can afford the new loan. This will make it easier to find the right mortgage for their needs. The FCA is also asking lenders to work with more innovative tools to help customers better identify what mortgages they may qualify for.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

