Peter Richards Financial Ltd
1 Peterfield Road, Peterbourgh, Hampton Vale, PE7 8NR
Tel: 01733 230396 Email: advice@prfonline.com

Peter Richards
FINANCIAL LTD
FINANCIAL ADVISERS

FACTSHEET MORTGAGES

MORTGAGE REVIEW

Could you save hundreds – perhaps thousands – of pounds by shopping around?

Is your current mortgage as competitive as the best new deals on the market today? It's no secret that the mortgage market is a highly competitive one.

New products, new rates and better deals appear all the time, meaning there could be huge potential for homeowners to get better value somewhere else. Regular mortgage reviews are an effective way of keeping an eye on the current market and could save you hundreds of pounds in the long run.

SWITCH TO A BETTER DEAL

If appropriate to your particular situation, you could save hundreds – perhaps thousands – of pounds by shopping around, so it's a good idea to review your mortgage at least once a year to check whether you should switch to a better deal.

Ideally, you should keep a regular eye out for better mortgage deals – new ones are coming on to the market all the time, and, if you're not locked into a fixed or discount rate deal with an early repayment charge, it could be worth your while changing lenders (remortgaging) at any time.

EARLY REPAYMENT PENALTIES

You should review your mortgage when interest rates change to see how your current deal compares to new deals that have come onto the market. This is because the change of interest rates will affect how competitive your current deal is when your current mortgage deal comes to an end – your rate may increase once a year if you're not tied in to deal with early repayment penalties. If you do nothing when rates change or your mortgage deal ends, you could lose out to many better deals that are available in the market.

It's a good idea to set up a reminder to review your mortgage once a year – or before your current fixed deal ends. You could save yourself hundreds of pounds! Typically it's prudent to set a diary reminder to start shopping around at least three months before your current fixed or discount deal reverts to the lender's standard variable rate.

REDUCE YOUR MORTGAGE TERM

When you make the switch (or remortgage), if monthly payments are going to be lower you can choose either to make reduced payments or – better still – stick to your original payments and reduce the mortgage term.

Although you can often reduce your payments by switching, bear in mind that there are a number of costs associated with remortgaging. There may be high early repayment charges to pay if you are leaving before the initial locked-in period of your mortgage expires. There are unlikely to be charges if you are on your lender's standard variable rate.

LEAVE YOUR CURRENT LENDER

Your new lender may charge you valuation and legal fees, although these are often waived if your remortgage is successfully completed. There is also likely to be an exit fee to pay when you leave your current lender, so factor this into your costs.

Peter Richards Financial Ltd is authorised and regulated by the Financial Conduct Authority.

Peter Richards Financial Ltd
1 Peterfield Road, Peterbourgh, Hampton Vale, PE7 8NR
Tel: 01733 230396 Email: advice@prfonline.com

There is also usually a booking or arrangement fee to pay on the new deal – you can opt for a fee-free deal to avoid this, but you may end up paying a higher interest rate as a result. We will ensure that you are able to weigh up the total cost of any remortgage against the savings you'll make, before you actually take the plunge and remortgage.

NEW MORTGAGE REGULATIONS

Since April 2014, lenders have to look much more closely at whether you can afford a mortgage because of new mortgage regulations. This means it may take longer than you're used to, and you'll have to provide proof of your income and all your outgoings.

You could be asked for your payslips and bank statements to prove your income, or your tax returns and business accounts completed by an accountant if you're self-employed.

MORTGAGE AFFORDABILITY

Your outgoings will be set against your income to see how affordable your mortgage is. They will look at your other debt repayments, household bills and living costs such as travel, childcare and entertainment.

The lender will also check how you would cope with an increase in the interest rate or changes in your lifestyle such as losing your spouse or partner's income in the case of couples.

CHECK REMORTGAGE COSTS

This means you may find it hard to remortgage to a new lender. So before you switch, we'll check your remortgage costs and contact your current lender to see what deals they will offer you.

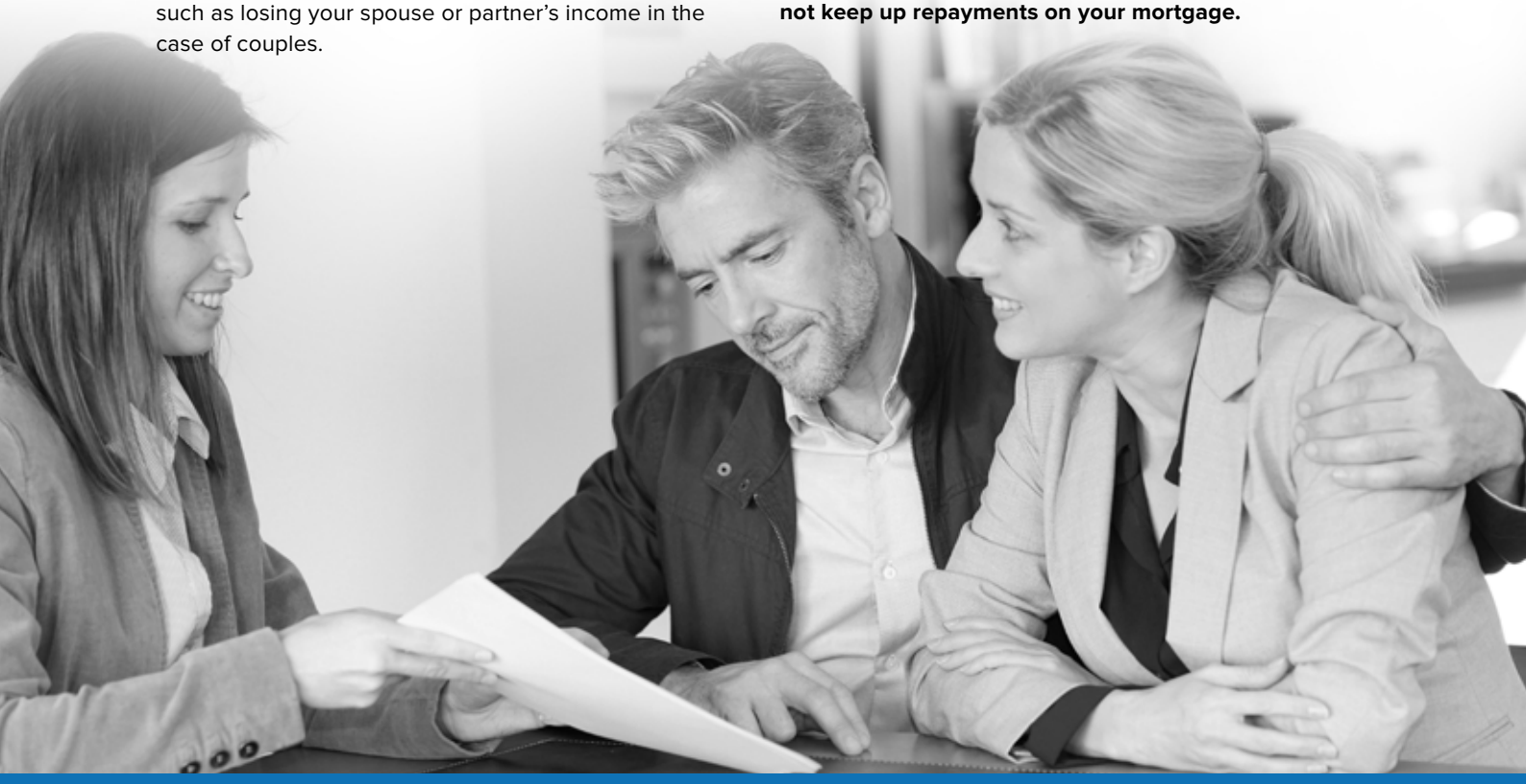
If you're on an interest-only mortgage, you will find lenders will look closely at your repayment plan to make sure it's on track to pay back the original loan at the end of the mortgage. If it isn't, you may find it difficult to switch to a new interest-only mortgage.

Lenders will accept different repayment plans such as regular savings and investments, using future bonus payments with supporting evidence and the future sale of a valuable asset backed by an up-to-date valuation certificate. ■

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.



Peter Richards Financial Ltd is authorised and regulated by the Financial Conduct Authority.