



IT'S TIME TO SORT OUT THE MORTGAGE

Sorting out what is most people's biggest monthly expense makes good sense at any time of year. There are good financial planning reasons for reviewing your mortgage on a regular basis, but if you are thinking of moving to a different lender, you also need to be aware of the potential costs involved.

The main reason most people want to move their mortgage is to enjoy lower monthly repayments, which is not surprising in the current economic climate. But as well as lower rates, there are other equally valid reasons why it might make sense to look at changing lenders.

More flexibility: many people want to pay lump sums off their mortgage, or reduce it by means of regular monthly overpayments. If your current lender won't allow you to do this – or wants to impose a penalty for making overpayments – then it might make good sense to look at what's on offer elsewhere.

To borrow more: sometimes you simply need to borrow more money: for example, your family may be growing and rather than move you'd like to extend and improve your present home. If your current lender won't increase your mortgage, then there might be no option other than to look for a new lender.

A particularly attractive rate: it's important to remember that your mortgage is only part of your overall financial planning, and there are times when your circumstances mean that a particular type of mortgage is attractive. You might be starting a family and need to keep your payments as low as possible for a couple of years: on the other hand many people near the end of their mortgage like the security of a fixed rate as their mortgage nears completion. If a different lender is offering a mortgage which is exactly right for you, that can be a powerful reason for moving.

But while there may be good reasons for moving your mortgage, switching does have disadvantages. There may be costs involved if you change lenders, for example a valuation fee and legal costs. You may also be charged a penalty (or 'redemption') fee by your existing lender if your current mortgage product has some more time to run.

If the saving you'll make by moving outweighs the cost, then all well and good. Equally, you may feel that the benefits you'll gain are still worthwhile, irrespective of the costs involved.

Whilst there are online tools available for mortgage comparison, they can be complicated to use. In the current economic climate (with lenders being understandably cautious) there's no substitute for experience and knowing both the market and the individual lenders. As well as finding you the best deal, we will explain all the different types of mortgage to you and help you find the one that is exactly right for you.

Finally, even if now is not the right time to look at your mortgage, it makes sense to have it reviewed regularly. We would suggest that six months before any current deal finishes is a good time to start looking at your options.

If there is any aspect of your financial planning that you would like to discuss then please don't hesitate to contact us on enquiries@money-wise.co.uk, or speak to your current Money Wise adviser in the usual way.

Your home may be repossessed if you do not keep up repayments on a mortgage or any debt secured on it.