Mortgage Deals

There are several terms used to describe the interest you pay on a mortgage, and the key terms are as follows:

Standard Variable Rate (SVR)

The SVR is the lenders standard rate, usually 2-4% above the Bank of England base rate. With a variable rate mortgage you are able to switch lenders at any time without being penalised. If you start a mortgage with a different type of interest repayment for an agreed term, once the term finishes you will go back to the Lenders SVR.

Fixed Rate

A fixed rate mortgage allows you to repay interest at a fixed rate, irrespective of any base rate fluctuations. In other words your monthly repayments will remain the same every month for a time period agreed between you and your lender (usually up to 25 years). Fixed rate mortgages often have high repayment charges so you need to be sure this is suitable for you for the foreseeable future. Furthermore, the lender may also charge a ‘booking/arrangement fee’ to apply for this type of mortgage.

Tracker

A tracker mortgage will track any movement in the Bank of England Base rate, so you will benefit from any falls in interest rates, but will also have to pay more each month should the rates increase.

Discount

The discount mortgage rate is another variation of the standard variable rate. It provides a discount from the lenders SVR for a fixed period of time. The interest rate still fluctuates, meaning your monthly repayments may differ slightly from month to month, but the discount remains constant.

You should ask your adviser to explain these in more detail, or ask for an illustration.

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

The Financial Conduct Authority does not regulate some forms of Mortgages.

DALES
Independent Financial Advisers