

Tony Silver, Director at White House Mortgages Ltd said: “This morning, today’s BOE Interest rate decision was widely reported to be on a knife edge, following the better than anticipated news on inflation and the Fed’s decision to freeze their interest rates this month for the first time after 14 consecutive interest rate rises, it’s perhaps more prudent to look beyond today’s short term decision.

“The Uk Mortgage rates are dictated to by the Swap rates, which take a longer view on where the banks are predicting interest rates to go, whilst moving money between themselves on the money markets. Most charts I’ve seen are predicting that the UK Interest rates will remain fairly high, topping out at 5.5%, but staying in that region well into 2025, before gradually reducing down to a more palatable 3%.

“However, Mortgage lending today relies far more on a bank or building society calculation on an applicants affordability, than the 2.5 x joint or 3 + 1 that I knew when I first came into the industry some 30 years ago, or the 4.49 x joint that we often see today. More often as advisers, we are having to prepare a client to take out a mortgage in a few months time, by advising them to reduce personal debt, particularly with credit card rates around the 30% p.a. mark. Even then, I’m still having

to cost mortgages over a 30-35 year term as opposed to the more traditional 25 year term that we are all used to, purely to make the mortgage affordable due to the relatively high interest rates.



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“Are we likely to see the return of mortgage deals at 1,2 or 3% – not for the foreseeable future? Anything that starts with a 4 will be cheap and a 5 or 6 to be the new norm. Lenders are also being more picky with the types of properties they will lend on, with many pricing out or reducing the LTV on new build flats, thus blunting initiatives such as Deposit Unlock for FTBs. Even when we can find a lowish interest rate, often the lenders booking fee will go as high as 7%, which looks like lender greed to me.

“Interesting times, with good quality independent mortgage advice, needed by the unsuspecting general public ever more increasing. Exactly why they expect such specialised knowledge to come for free is beyond me, but that’s a discussion for another day.

“So what did the BOE decide? Interest rates were held @ 5.25%, mirroring the Fed’s decision yesterday.”

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