

One In Three In The Dark Over Mortgage Interest Rate

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New research from [Which? Mortgage Advisers](#) reveals that one in three mortgage holders have no idea what rate of interest they are paying, despite market speculation that an interest rate rise is on the horizon which could increase their repayments.

New research from Which? Mortgage Advisers has found one in three (32%) mortgage holders were unaware of the rate of interest on their mortgage with just three in ten people (29%) sure of their exact rate.

Nine in ten (89%) homeowners who knew their exact interest rate felt informed about the impact of a potential rate rise on their finances, yet this fell to only three in five (58%) for those who didn't know their mortgage rate.

With widespread market and media speculation about a potential increase in interest rates, more and more mortgage lenders are offering fixed-rate deals which enable consumers to take advantage of current low rates. Separate analysis by Which? Mortgage Advisers found a 55% increase in the number of fixed rate deals on the market over the past two years, with fixed rate deals now making up three quarters (77%) of the products on the market.

Seeking independent mortgage advice is crucial to finding the best deal for your individual circumstances and there could even be potential savings to be made. According to our survey, 34% of homeowners are currently on a standard variable rate mortgage - the default mortgage rate once a fixed rate deal ends. Our analysis shows that those people could be in line for a saving of up to £123 a month if they switched to a two year fixed rate deal.

David Blake from Which? Mortgage Advisers said:

"With interest rates so low, we have seen a significant increase in the number of fixed rate mortgages available and a surge in households looking to take advantage of these deals ahead of any potential rise.

"That said, it's important to remember that fixed rate deals typically have higher rates than trackers - for the time being at least - but fixing now could potentially save you money in the long-term. Now is the time to seek independent mortgage advice if you are concerned about the impact a rate rise might have on your finances."

Which? Mortgage Advisers top tips include:

- **Know your interest rate** - you'll have a better idea of how much your repayments could change in the event of a change in the Bank of England base rate
- **Understand your mortgage deal** - make sure you know if you are on a fixed term deal, tracker, or standard variable rate as an increase in the base rate will mean different things for you depending on the type of deal you're on
- **Check how long is left on your mortgage deal** - if your mortgage is a fixed-term deal, check when this rate will end as you will most likely default onto a standard variable rate - generally at a higher interest rate - once it does
- **Look into your options** - check how your repayments could change if interest rates went up - even a rise of as little as 0.5% could have an impact on your finances
- If you do decide to remortgage, remember to factor in arrangement fees into any potential savings that could be made.

For more advice on deciding whether a fixed rate mortgage is right for you, visit:

<http://www.which.co.uk/fixedmortgages>

Notes to Editors:

1. Which? Mortgage Advisers calculated the monthly saving of up to £123 a month by remortgaging and switching from a standard variable rate (SVR) to a fixed rate mortgage based on the following

assumptions: a property worth the UK average of £186,553 (Land Registry data); that mortgage holders have 20 years left to pay on their mortgage; have 40% equity in their property; and switch to a fixed rate deal at 2.71% from a SVR of 4.82%.

2. Which? Mortgage Advisers is a Which? service launched in 2010. When an important market fails to deliver value to customers, we develop products and services that put customers' needs first. Which? Mortgage Advisers provides truly independent, whole-of-market mortgage advice. You can find out more by visiting: <https://mortgageadvisers.which.co.uk>

3. Which? Mortgage Advisers commissioned research agency GMI to survey 5,034 mortgage holders and members of the general public in October 2015. Respondents were asked various questions relating to their current mortgage.

4. Mortgage rates and data sourced from Moneyfacts.

5. Earlier this month, The Council of Mortgage Lenders and Which? launched a new “tariff of mortgage charges” that will introduce a standard format for how lenders communicate their fees, to make it easier for customers to understand charges and compare deals. This follows a Which? campaign to end the confusion around mortgage costs, which led to the Chancellor asking the CML and Which? to work together to find ways to make it easier for consumers to understand and compare the costs of different mortgages with different lenders. More information can be found [here](#).

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