



High inflation: how does it affect me?

As inflation remains high, it's the perfect time to take a closer look at how it could impact you. Whether you are behind on payments, looking to stretch your finances or coming to the end of your mortgage term, there are options available to help you.

What is inflation?

Put simply, inflation is the increase in price over time, acting as a measure of value of a currency. Tracked by several indicators, such as the Consumer Price Index (CPI) which tracks the average cost of everyday items, inflation is well above the Bank of England target of 2%, a target which has been in place since 2012.

Soaring food and energy bills have driven inflation, with oil and gas demand increasing as a result of Covid and the war between Ukraine and Russia.

How does it affect me and my mortgage?

To combat high inflation, the Bank of England raise interest rates to encourage saving. This makes borrowing more expensive and higher monthly payments for those with mortgages.

If you are on a variable rate mortgage, this level of inflation and high interest rates will be increasing your monthly payments, with your cash no longer stretching as far as it previously had. However, many homeowners are on fixed-rate mortgages. As a result,

monthly payments will not change for the duration of that mortgage product.

Is your fixed-rate mortgage product coming to an end? It's important to remain cautious around interest rates, even if they do start to come down. Variations in rates can make it hard to navigate the complexities of the mortgage market. It's important that you start planning your mortgage options at least six months before the end of the fixed rate period.

Consulting with your mortgage adviser to determine which option suits your current financial goals and circumstances, can enable you to make informed decisions during these challenging times.

For more information, contact your adviser who can support you and discuss the options available to you.



If you'd like to discuss the options available to you, contact your adviser today.

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