



## Base rate rise: How will you be affected?

The Bank of England recently announced an increase to its base rate from 0.1% to 0.25%. This will inevitably have an affect on everyone in the country. With further increases potentially set to occur in the next couple of years – how could this change affect your mortgage, your finances and your day-to-day life.

The first obvious point to make is that any new and non-fixed rate mortgages will rise after the increase as the Bank of England attempts to combat inflation with a 0.15% increase to the base rate. With the cost of living also on the rise with energy prices having spiked in recent months it may seem like your finances are becoming a little tight. It is important to note that this is a relatively small increase as things stand, but with further increases likely it may be best to take advantage of the current rates as they are.

If you were considering a potential remortgage as we move into 2022, it may be

worth doing so sooner rather than later. Perhaps you're thinking of adding some value to your property in the new year and you could do with freeing up some extra cash? Well, doing so before a further rise by remortgaging could save you a significant amount of money. The Office for Budget Responsibility has predicted that the base rate could go as high as 3.5% by 2023 so a rate of 0.25% is comparably small.

The mortgage market has been in the fortunate position of enjoying record low rates in recent times. If you are concerned about an increase to your monthly payments,

perhaps switching to a fixed rate mortgage as soon as possible would be a good way to keep expenses to a minimum. Locking in your repayment rate while the base rate is still way below 1% could be a good solution if you are looking to remortgage.

The good news is that if you are included in the 74% of UK homeowners that are currently on a fixed rate deal, your monthly payments won't change until your deal comes to an end, so you have time to plan your next steps. The base rate increase could also see every day items become slightly cheaper as inflation slows – so you can hope to save a few pennies on the weekly shop! If you have any concerns or wish to discuss your options moving forward, we're on hand to answer any questions you may have, so don't hesitate if you'd like to get in touch.



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