



Remortgages, Product Transfers and the cost-of-living crisis

There's no point dancing around the subject – we all know that the cost-of-living crisis has become a serious worry for millions of UK citizens. With energy prices sky rocketing, keeping on top of your outgoings can be incredibly stressful and with a further rise coming in October, perhaps it's time to reassess your finances and see if your monthly repayments can be reduced. Remortgages and product transfers can offer a solution to the cost-of-living problem by enabling you to arrange new terms on a mortgage to suit your financial situation. So, if you are starting to worry about managing your finances during this stressful period – keep reading to find out what method could suit your situation the most.

When it comes to using your mortgage to lessen any financial difficulties you may be having, you have two main options. One of these is to negotiate a new deal with your current lender (perhaps lengthening the repayment period while lessening the monthly payments). The other is to remortgage your property – going to a new lender to secure a better deal. The Financial Conduct Authority estimates that one third of homeowners pay their mortgage lender's Standard Variable Rate – meaning that roughly two million households are potentially wasting money each month when they could be getting better rates.

Product transfers

A product transfer involves you and your mortgage adviser negotiating a better deal with your current lender. If you're coming to the end of your fixed term, you'll be switched to your lender's Standard Variable Rate (SVR) – a rate that could be much higher than one you could get through a product transfer. It's the best way to keep your monthly payments at a manageable level without having to switch lender. It's also arguably the more convenient option of the two – with less paperwork being involved making the process much quicker.

Remortgages

Remortgaging is when homeowners change their mortgage deal or need to take out a larger loan to release more money from the equity of their home. Similarly, a remortgage can achieve much lower rates than your current lender's SVR, however it can also free up your capital with additional borrowing which can be hugely beneficial if you're looking to make improvements to your home (perhaps to improve its energy efficiency). If you're looking to longer term solutions, improving the energy efficiency of your home can help to reduce the cost of energy for your home.



If you're not sure which of these two options best suits your current situation, or if you simply want to explore what's available to you, get in touch with your mortgage adviser to discuss whether a product transfer or remortgage could help you cope during a worsening cost-of-living crisis.

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

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