



Green Mortgages: what you need to know

With the COP27 summit last month, the climate conversation is at the forefront of people's minds once again. Reducing the impact, we have on our planet has become a key priority for homeowners up and down the country as we head towards the point of no return. Lenders are aware of this and want to help you achieve that – while also working towards their own green targets. Green mortgages are one of the key methods you can use to help your day-to-day become greener. We take a look at what green mortgages are and how they can help you to go greener.

In simple terms, a green mortgage rewards you for buying or owning an energy-efficient home. Whether your home is energy efficient at the point of purchase or you make improvements to your home, a green mortgage could reward you for being active in the fight against climate change. Essentially, a green mortgage offers you preferential terms if you can demonstrate that the property you own or are hoping to own meets certain environmental standards. A property with a high energy efficiency rating is likely to qualify for a lower interest rate or cash-back incentive. On top of this, lenders may even increase the maximum loan amount – opening doors to different locations

or property types.

According to the Green Finance Institute, UK households account for around 20% of the country's carbon emissions. This statistic alone demonstrates how everyday homeowners can make a real difference in the effort to reach net zero by 2050.

What can green mortgages do for you?

So, how can a green mortgage benefit you? Well, there are several pros to taking out a green mortgage. Lenders will offer lower interest rates to encourage you to have a more energy efficient home. This means your monthly payments may be less than they otherwise

would – helping you to save money and the planet simultaneously. Having a more energy efficient home would also help you keep your energy bills at a more manageable level – a benefit not to be overlooked amid a cost-of-living crisis. A more energy efficient home takes less power to heat and therefore doesn't cost as much.

As we edge closer to the government's net zero target, eco-homes are becoming more desirable. As buyers are more frequently valuing the EPC rating of a home as a priority, having a home with a good rating could increase its overall value. Not only are you saving money through having cheaper monthly repayments – but your property's value could increase.

If your home has an EPC rating of A or B, or you're looking to purchase one that does, a green mortgage could be the product for you. To find out more, speak to your adviser to have any of your questions answered.



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

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