FINANCE Q&A's



Remortgages

Whether buying a home, remortgaging at the end of a current deal or looking to borrow extra money against your home, researching the market is essential to secure the best possible rates. Lakeside Financial Adviser, *James Foster*, highlights the key considerations.

What are the main reasons for remortgaging?

J: Most homeowners will be looking to remortgage when approaching the end of a fixed-rate mortgage period to ensure they are getting the best deal available. The alternative is to drop onto their current provider's variable rate though this will likely come with higher interest than they were previously paying. Some people also choose to remortgage to borrow money against their property for things like home improvements or consolidating debt.

What are the main risks and benefits of remortgaging to raise funds?

J: The main risk with remortgaging to raise funds is that you are borrowing against your home, and so if you can't make the repayments, your home could be at risk. We will always review a client's insurance situation to try and mitigate this risk. Mortgages tend to have lower interest rates than other secured and unsecured borrowing options, but if you are paying the money back over a longer period, it can result in paying more interest overall. As such, we advise looking at all options available, such as personal loans, before choosing the remortgage route. On the other hand, more extended repayment periods can work in some clients' favour as it means spreading the cost, making the monthly repayments more affordable.

How is the current pandemic impacting remortgage options, and what factors will affect the rates available to an individual?

J: Every remortgage to raise funds or change lender is a brand new application, and so an individual's full circumstances are assessed to see if they meet the criteria required as to what lenders and rates are available to them. This includes age, income, credit score and commitments and the amount of equity that is in the property. Competition in the mortgage market will also affect the rates available at the time.

The pandemic has caused most lenders to tighten up their criteria, and some clients may find that their own lender's criteria has changed since they carried out the initial application, or indeed their own personal circumstances have changed as a result of the pandemic, and now their lender is refusing to lend more. Applications are moving slower than usual, too, as lenders carry out more checks.

How can Lakeside assist clients looking to remortgage?

J: We advise all clients, no matter what their personal circumstances are, to start exploring their remortgage options around six months before their current deal is due to end. This allows time for us to thoroughly research the lenders available to them to get the best possible deal in place. We'd also advise anyone currently on a variable rate to get in touch as the likelihood is we can save them money by finding them a better interest rate. If a client is looking to remortgage to borrow more money from their property, we can again do the research to make sure they are getting the best deal with their own lender or by looking elsewhere. The remortgage process is made simple and efficient for our clients in that we have an in-depth knowledge of lender criteria and software that helps us carry out research. We also have existing relationships with lenders. We can then approach the lenders on our client's behalf, package their applications, deal with the underwriters and chase up solicitors, valuers, and anyone else we need to get our client's mortgage sorted as quickly as possible. This saves our client from doing their own research, attending various appointments at the bank, and lots of time on the phone chasing people for updates.



Please feel free to contact us for further information: *admin@lakesidefs.co.uk*

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