



WINSTANLEY
MORTGAGE SERVICES

Mortgage & Protection news

The newsletter from Winstanley Mortgage Services Ltd

BUDGET OUTCOMES...

The **Budget**, which was heavily trailed in the weeks beforehand, set out £26bn of tax increases, with Income Tax delivering the largest contribution (aided by the ongoing freeze on thresholds).



» Did all the measures flagged prior to the Budget materialise? No. Was it as bad as we were led to believe? Possibly not. And were the financial markets spooked? Not at the moment. But the forecasts continue to show it won't be plain sailing.

Where the Tax take is spent

This was a tax-raising Budget (supposedly targeting those with the broadest shoulders), to help meet expenditure needs, such as the increased spending on **Welfare, State Pension, and Health**.

These elements now account for at least 49p of your Tax £, with a further 10p going to fund the payments for the interest on the **National Debt** (see chart).

The Chancellor did also factor in a headroom of **£22bn** for any unforeseen

circumstances, up from the £10bn safety net in the March 2025 report from the Office for Budget Responsibility (OBR).

In terms of growth, the OBR, set out that the economy would grow annually by **1.5%**, on average, across the 2026-29 period.

Also, the OBR expects **inflation to be around 2.5% in 2026**, before returning to the Bank of England's 2% target in 2027, a year later than they forecast back in March 2025. (Sources: HM Treasury; OBR, November 2025)

Key Budget announcements

Here are some of the main talking points that may affect you as a tax-paying individual, and as someone that owns (or is looking to own) a property. All are applicable to England, and it varies for the rest of the UK.

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How the Taxpayer's £ is spent

<u>Expenditure area</u>	<u>of £1</u>
Social Protection (inc. Welfare & State Pension)	28p
Personal Social Services (largely Local Authority provided support for vulnerable people)	4p
Health	21p
Interest on National Debt	10p
Education	10p
Defence	6p
Transport	5p
Public Order & Safety	4p
Industry, Agriculture & Employment	4p
Housing & Environment	4p
Other	4p
	100p

(Source: HM Treasury, projected 2026-27 expenditure)

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Welcome.... to this newsletter, which covers what we believe are some of the key issues of the moment that affect mortgage, protection and insurance products - and sets out how **we may help you**.

■ Winstanley Mortgage Services Ltd is authorised and regulated by the Financial Conduct Authority.

■ **Your home may be repossessed if you do not keep up repayments on your mortgage.**

BUDGET OUTCOMES... (contd)

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Income Tax & National Insurance (NI)

The thresholds for both have been frozen for a few more years, until April 2031. This is what's called a 'fiscal drag', or 'stealth tax'.

The impact of this is that between 2022-23 and 2030-31, **5.2m additional individuals** will have been brought into paying income tax. And **4.8m more** will have moved to the higher rate of tax, and **600,000 more** onto the additional rate.

The consequence of this, is that around £177bn more is expected to be raised from income tax in the 2030-31 year vs. 2022-23!

Salary Sacrifice

The amount that people can 'sacrifice' from their salary - thereby avoiding NI on pension contributions - will be capped at £2,000 a year from 2029. At the moment there is no limit.

Dividend Income

From April 2027, there will be a 2% rise to the ordinary and upper tax rates on dividend income.

Cash ISAs

The amount the under-65s can put into a Cash ISA (Individual Savings Account) will be capped at £12,000 a year, with the rest of the £20,000 annual allowance reserved for investments. It's applicable from April 2027.

High-Value properties

From 2028, homes in England, worth more than £2m, will face a Council Tax surcharge of between £2,500 to £7,500, following a revaluation of bands F, G, and H.

Landlords

The tax charged on rental income will increase by 2%, from April 2027.

Two-Child Benefit Cap

This will be removed from April 2026, enabling those with three or more children, for whom it's applicable, to also receive universal or child tax credit for these children too, if they were born after 6 April 2017. It's said that this will bring 450,000 children out of poverty.

Transport

The 5p temporary cut in fuel duty on petrol and diesel will be extended again, until September 2026. Also, there will be a new mileage-based tax for electric vehicles, and plug-in hybrid cars to be introduced from 2028.

Inheritance Tax (IHT)

Like Income Tax and NI, the IHT threshold has also been frozen until 2031, which will bring more people into its net.

State Pension

This will go up by 4.8% from April 2026 which is more than the current rate of inflation, due to the 'triple lock' policy.

The Financial Conduct Authority does not regulate legal and taxation advice, and most Buy-to-Let mortgages.

HM Revenue & Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

...MARKET FACTS...

Inflation

Annual CPI inflation figure is

3.6%

The Bank of England target figure is 2%.

(Sources: Bank of England, 6 November 2025; Office for National Statistics, CPI, 19 November 2025)

Property prices

Av. annual UK Property price rose by

1.8%

to £272,998

(Source: Nationwide, House Price Index, Nov. 2025)

Mortgage Rates

Average 2-year Fixed Rate

4.86%

Average 5-year Fixed Rate

4.91%

(Source: moneyfactscompare.co.uk, December 2025)



Many of you have held back from making decisions until you could gauge the outcome of the Budget.

For our part, we work in this sector day-in, day-out, and whatever your future plans may be, we can hopefully **deliver advice that best meets your needs.**

Qualified Support for YOU

» Outside of the Budget (and partly due to it) much has occurred in the marketplace, which has helped to bring about the **recent rate cuts by lenders.**

Competition amongst lenders

Factors, such as world events, and the **desire by lenders to price competitively to win your business,** would influence how they set up their mortgage deals.

Further considerations were how lenders reacted to a cooling housing market around the Budget. Plus, there's been a better-than-expected inflation figure, with Swap rates below where they were at the start of October, which often translates to lower fixed rate deals. *(Source: Chatham Financial, December 2025)*

Combine all of these elements, and it's no surprise that there's constant movement in the marketplace.

This is why it's **so important to seek advice** - to help make sense of your options, and possibly **lock in a rate now,** if your mortgage deal ends soon.

As it stands, the 'average' fixed rates for a 2-, or 5-year deal currently sit at just under 5%, but better rates that begin with a '4', or even '3' are on offer. Although the lowest rates generally apply to loans of 60%, or less, against the value of the property.

(Source: moneyfactscompare.co.uk, December 2025)

Positive developments

The industry regulator, the Financial Conduct Authority, has also helped to create an environment that has enabled some **relaxation in the affordability criteria,** which could mean that borrowers may be able to

borrow more (or borrow at all).

Alongside this relaxation, there are also **improved loan-to-income deals,** which may offer up to five, six or seven times income!

Both of these elements will certainly help those struggling to obtain the mortgage they need, and enable others to borrow more - helping them to secure the home they want, or to improve the one they have.

First-Time Buyers

There are an increasing number of lower deposit deals, which will be of particular interest to those keen to step onto the property-owning ladder, but struggling to build up a decent deposit.

Although, do be mindful that those borrowing at the higher ends of the loan-to-value spectrum will have little equity in their homes as a result, and would be more exposed should house prices drop.

That said, there are plenty of first-time buyers taking this path, and **accounting for over half of all home purchases** made with a mortgage.

(Source: Halifax, First-Time Buyer report, February 2025)

More tailored needs

Some mortgage applications may be fairly straightforward, but others can be **more complex.** The latter may only become apparent, once we start talking through your situation, and understand what you require. In fact, the more complex cases are a key reason why potential borrowers turn to us.

This is because **we also have relationships with Specialist lenders,** who may provide the solution, if the High Street lenders are not a viable, or suitable option.

Please get in touch to hear more.

You may have to pay an early repayment charge to your existing lender if you remortgage.

■ **Your home may be repossessed if you do not keep up repayments on your mortgage.**

FIXED DEALS coming to an end

A sizeable **1.8m homeowners** will be looking to remortgage in 2026, as their fixed-rate deal period comes to an end. This equates to around 21% of all outstanding residential mortgages.

Additionally, there are around **290,000 buy-to-let loans** that will

also come to fruition in 2026. *(Source: UK Finance, December 2025)*

For those that are coming off 5-year fixed rate deals, there may be a shock, although it may still be beneficial to lock in a rate now. As for those coming off 2-year deals, you may be pleasantly surprised.

According to recent research, only 46% of **First-Time Buyers** were successful in securing a mortgage.
(Source: Shawbrook, Home-A-Loan 2025 report, November 2025)

First-Time Buyer ADVICE



» However, the same research showed that only around 22% (of the 2,010 surveyed) used a mortgage adviser to apply for a mortgage, which is way below the market-wide 91% who are expected to turn to brokers, such as us, in 2026. (Source: IMLA, June 2025)

Adviser Help

And, amongst those who did use a broker, the levels of satisfaction were overwhelmingly high:

- 97% said that brokers helped them to identify the right lender.
- 97% valued their specialist knowledge.
- 95% credited them with simplifying paperwork and admin.

Outside of this survey, we also understand where your mortgage application may fail - such as **missed payments**, a **volatile income stream**, **spending on the wrong things**, and a **bad credit score** (see checkmyfile.com). From here we can look at how to best tackle these issues, along with meeting the **affordability criteria**.

Affordability & Income Multiples

With regard to affordability, the strict borrowing criteria may have become **less strict**, as the industry regulator, the Financial Conduct Authority, is supportive of loosening up the rules.

Elsewhere, the income multiple rule has also **been relaxed**. The rules state that only 15% of new loans can exceed 4.5 times salary, but the applicable threshold has been lifted from £100m of lending

to £150m - which specifically benefits around 80 smaller lenders. Of course, within that 15%, there are some deals where the loan to income amount sits at five, six, or even possibly seven times!

Building up, or securing a Deposit

This is often the main stumbling block, and could be viewed as a two-speed market.

The average First-Time Buyer deposit from those that are **unassisted** is **£60,741** (in itself, a sizeable amount). The comparable average deposit for those that have benefited from **assistance** (such as the Bank of Mum & Dad + Grandparents) is **£118,073** - which equates to 37% of the average purchase price, thereby opening up the better deals. Understandably, the deposit required does vary massively throughout the UK. For example, the average unassisted deposit for the North East of England is £29,918.

(Source: UK Finance, Trends in the Economy and Lending, May 2025)

However, **don't be daunted**, if you feel that saving a sizeable deposit might be a problem for you. An alternative option is to consider deals that require a 5% deposit (or less). With the added benefit that it may get you onto the property ladder sooner.

Talk to us

The whole mortgage application process may come across as being quite complex, time-consuming, and possibly confusing. Additionally, most of you will lead very busy lives, and this process might be seen as an added problem, if handled alone.

That's where we come in. And if this is of interest, then please get in touch to find out more.

The Budget...

There was very little within the Budget that was directly targeted at helping First-Time Buyers.

- No positive changes to Stamp Duty (which is applicable in England and N. Ireland).
- No major referencing to the 1.5m new homes that are projected to be built in the 5-year period of this Government, aside from the OBR saying that this will largely occur from 2027-28.
- However, it was stated that the Government will publish a consultation document in early 2026 on the implementation of a simpler ISA product to support First-Time Buyers who want to build up a deposit.

■ Your home may be repossessed if you do not keep up repayments on your mortgage.

There may be a fee for arranging a mortgage and the precise amount will depend on your circumstances. This will typically be £495.

- The contents of this newsletter are believed to be correct at the date of publication (December 2025).
- Every care is taken that the information in the Mortgage & Protection News publication is accurate at the time of going to press. However, all information and figures are subject to change and you should always make enquiries and check details and, where necessary, seek legal advice before entering into any transaction.
- The information in this newsletter is of a general nature. You should seek professional advice tailored to your needs and circumstances before making any decisions.
- We do hope that the newsletter is of interest to you, however, please inform us if you no longer wish to receive it.