



WINSTANLEY  
MORTGAGE SERVICES

# Mortgage & Protection news

The newsletter from Winstanley Mortgage Services Ltd

## GOOD NEWS!

Bank of England  
Base Rate  
drops to **4.75%**.  
(Source: Bank of England,  
7 November 2024)

# Looking Ahead

Over the last few months, there has been a general improvement in the **Mortgage Rates** on offer. Following the **Budget**, some rates have increased slightly, but we've now had a **0.25% reduction** in the **Base Rate**. It'll be interesting to see how this plays out over the next few months.

» Overall, a number of other factors have already come together in the UK to create a more encouraging environment.

A reducing level of inflation (down to 1.7%); annual UK house prices continuing to show an increase (up annually by 2.4%), and sizeable enthusiasm amongst lenders to compete for your business.

*(Sources: Office for National Statistics, CPI, 16 October 2024; Nationwide, House Price Index, October 2024)*

## Base Rate reduction

With the **0.25% drop**, the Base Rate now stands at 4.75%, and this means:

**Those on Tracker deals** are likely to see an immediate benefit, as their interest rate should

be influenced by the Base Rate reduction.

**Those on Fixed Rate deals** will not see any changes to what they pay, until they come to the end of their deal period.

**Those seeking a mortgage, or looking to remortgage onto a new deal** may benefit from lenders responding to the lower Rate.

Of course, the fallout from the Budget, with the financial markets not initially responding positively, may still influence future Base Rate decision-making.

## As for the Budget...

The outcome of the Budget will result in an **extra £70bn of annual spending**.

This extra amount, according to the

Office for Budget Responsibility, will result in **inflation** being slightly higher than expected (2.6% in 2025, for example). With regard to the **Base Rate**, this is still expected to fall, but not by as much as previously predicted (in the realms of 3.6% to 4.7% for 2025). This would probably then have an impact on **mortgage rates**.

Also, to meet the extra spending plans, **£36bn will come via higher taxes**, with the following being the main areas targeted:

### ■ National Insurance (for employers)

Around £25bn is expected to come from an increase in Employer NI contributions, applicable from April 2025.

**Continued on page 2** ➔

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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 property may be repossessed if you do not keep up repayments on your mortgage.**

# MARKET FACTS

## INFLATION

Back in October 2022 annual inflation stood at a recent high of 11.1%.

The latest annual CPI inflation figure to September 2024 stands at **1.7%** - its lowest level since April 2021.

Core CPI - which tends to have a greater influence on the Bank of England's decision-making, also dropped, and rose by an annual **3.2%** (compared to August's increase of 3.6%).

*(Source: Office for National Statistics, CPI, 16 October 2024)*

## PROPERTY PRICES

In October 2024, the average annual UK property price rose by **2.4%** (to around £266,000), and it increased by **0.1%** on a month-on-month basis.

*(Source: Nationwide, House Price Index, Oct. 2024)*

And if you want to get a feel for house price sales in your own local area, you can check out the following:

[gov.uk/search-house-prices](https://gov.uk/search-house-prices) (for Eng. & Wales)

[scotlis.ros.gov.uk](https://scotlis.ros.gov.uk) (for Scotland)

[finance-ni.gov.uk](https://finance-ni.gov.uk) (for Northern Ireland)

## AVERAGE MORTGAGE RATES

### Residential:

#### ■ 2-year fixed rate deal

- Average rate, 1 Nov. 2024 = **5.39%**

#### ■ 5-year fixed rate deal

- Average rate, 1 Nov. 2024 = **5.09%**

#### ■ Standard Variable Rate (SVR)

- Average rate, 1 Nov. 2024 = **7.95%**

### Buy-to-Let

#### ■ 2-year fixed rate deal

- Average rate, 1 Nov. 2024 = **5.23%**

#### ■ 5-year fixed rate deal

- Average rate, 1 Nov. 2024 = **5.32%**

*(Source: moneyfactscompare.co.uk, November 2024)*

# Looking Ahead (contd)



Continued from page 1 ➔

### ■ Stamp Duty

For those buying an additional home (such as landlords), the 3% surcharge they already faced was lifted to 5%, with immediate effect.

Also, after a period of reduced Stamp Duty charges, all purchases will return to the normal rates from 1 April 2025

*Stamp Duty is applicable to England and Northern Ireland.*

### ■ Capital Gains Tax (CGT)

The sale of shares and assets will now face the same higher CGT bands as those applicable to additional homes. This means they are increased from 30 October 2024 from 10% to 18% for basic rate taxpayers, and 20% to 24% for those on a higher rate.

### ■ Inheritance Tax

The current thresholds will remain as is, but will be frozen at that level for a further two years, until 2030, drawing more into the net.

### ■ Income Tax

This is untouched, but the thresholds at the moment are frozen until 2028, creating a fiscal drag (as it generates a bigger tax take as incomes rise). But from 2028/29, the thresholds will then rise in line with inflation.

*(Sources: HM Treasury, October 2024; Office for Budget Responsibility, Economic & Fiscal outlook, October 2024)*

## Lender Rates

Across this year, we've had yo-yo periods with regard to rates on offer.

Whilst the 'average' fixed rates for a 2-, or 5-year deal currently start with a '5', better rates that begin with a low '4' (or

even 3!) may be on offer. This is generally applicable to loans of 60%, or less, than the value of the property.

Whatever your situation, it's likely that the comparative rate for those coming off 2-, and 5-year deals, will result in a bit of a price shock, although not as bad as it would have been a number of months back.

*(Source: moneyfactscompare.co.uk, November 2024)*

## Swap Rates

To some extent the fluctuating rates are down to the impact of **Swaps**, which have a big influence on the pricing of **Fixed Rate** mortgage deals. There was an uplift, following the Budget, which then levelled off around the Base Rate reduction.

*(Source: Chatham Financial, Swaps, 7 November 2024)*

**Whatever your current situation, please do get in touch if you'd like to hear more.**

**The Financial Conduct Authority does not regulate taxation advice.**

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

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

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

## Credit Rating

A credit score is designed to try to predict your future behaviour. You can check your rating at agencies such as Experian, Equifax, and TransUnion. Or take a look at Checkmyfile, which generally brings together your results across most rating agencies:

Tel: 0800 086 9360  
[www.checkmyfile.com](http://www.checkmyfile.com)

### Securing a deal:

A further benefit of dealing with us, rather than going direct to a bank, for example, is that once you take up a deal rate (generally 4-6 months ahead of the existing one coming to an end), we can still switch it to a better rate (on a comparable plan) from the chosen lender. This option is there up until the commencement of your new mortgage deal, which means you can lock-in a deal early, and benefit should rates improve. If you went direct to the lender, then it is unlikely they'd tell you that a better deal could be had.

### Doing the legwork for you:

And, we can hold your hand throughout the application process, and liaise with others - such as the lender, estate agents, solicitors, and surveyors.

**Please do get in touch if you'd like to have a chat about your borrowing requirements.**

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

# Turn to us for ADVICE

Quite apart from the **700,000 fixed-rate mortgages** that would have reached the end of their deal rate in the second half of 2024, a further **1.8m will come to an end in 2025.**

*(Source: UK Finance, Household Finance Review, Q2 2024, released September 2024)*

» That 1.8m figure equates to over 20% of all outstanding residential mortgages; so, 2025 is likely to be quite busy. *(Source: UK Finance, June 2024 data)*

Additionally, there are about 242,500 buy-to-let loans that will also come to the end of their deal period in 2025.

Furthermore, there are still many that would love to make that jump from renting to taking their first step on the property-owning ladder.

## Where we can help

With over 6,400 different mortgage products out there, offering a range of options, and criteria to meet; it's no wonder that in 2025, over 90% of residential borrowers

are expected to turn to mortgage advisers, such as us. *(Sources: moneyfactscompare.co.uk, November 2024; IMLA prediction for 2025)*

### Existing mortgage-borrowing clients:

We would be in touch, ahead of your deal rate coming to an end, to discuss your future borrowing requirements, and would then set out the options for you.

Conversely, if you're looking to purchase a new property, then do get in touch to see how that plays out with regard to your current borrowing arrangement.

### New clients, and first-time buyers:

Again, we would run through your needs, consider your affordability situation, and how creditworthy you might be. From here we would identify the most suitable routes.

**97.4%** of all claims were paid out in 2023, equating to a record £20.1m per day!

### Life Cover

- 99.4% of all Life claims were paid out.
- Average payout of £80,403 (term), £5,760 (whole of life).

### Critical Illness

- 90.5% of all claims were paid out.
- Average payout of £68,354.

### Income Protection

- 81.3% of all claims were paid out.
- Average payout of £22,270.

*(Source: Association of British Insurers, 2023 data, September 2024 release)*

## Protection Insurance payouts

Whilst obtaining a mortgage loan may be your primary reason for talking to us, it's equally important to consider the various types of Protection Insurance that are on offer. Some are designed to ensure your income stream can be maintained in the event of an **illness or injury**, and others may deliver a payout for your family, **should the unthinkable occur.**

» Of course, with numerous calls for the money in your pocket, we fully understand that some of you may view protection cover as something:

- that's simply **'not for me'**.
- that's **'too expensive'**.
- where **'I don't believe the insurer will**

**pay out in the event of a claim'.**

We'd be keen to discuss the first two points, as you may be pleasantly surprised at the costs, and how protection cover could bring 'peace of mind'. With regard to the last point, as the box item shows, **almost 98% of claims are actually paid out.**

■ **As with all insurance policies, terms, conditions and exclusions will apply.**

There can be numerous benefits from being **Self-Employed**, and if things are going well, you'll generally see immediate financial returns. However, historically, there was often an issue **when applying for a mortgage.**

# Working for



» On the positive side, **a number of lenders appear to be more accepting these days of the variable income streams of a self-employed worker**, and also those salaried employees for whom a sizeable part of their income stream is made up of bonuses, commission, or overtime.

Unfortunately, this more supportive approach by lenders is not as understood as it could be by many amongst the 4.2m self-employed - who broadly equate to a sizeable 1 in 8 of all those in employment.

*(Source: Office for National Statistics, Labour market overview, October 2024)*

And this is even more pronounced if we look at those who are not yet on the property buying ladder. First-Time Buyers, who are self-employed are still twice as likely to have been rejected for a mortgage (39% compared with the national average of 20%). It's

then no surprise that four out of 10 First-Time Buyers opted to give up being self-employed in order to secure a mortgage.

*(Source: Aldermore Bank, October 2024 research)*

## Talk to us...

However, this route does not always need to be the case, and that's why it makes sense to **take professional advice**. We know the hoops the self-employed need to jump through, and how to best present their situation (whether a first-time buyer, or not). And, can hopefully obtain the most suitable outcome for them.

Each lender will have different criteria for assessing and approving a mortgage. Some will base it on the latest year's income, while others may opt for seeing the last two or three years.

Also, lenders may (if you're a limited company) use salary and dividends, or perhaps salary and a share of net profits, or maybe a share of gross profits.

Put simply, it's a minefield, and one where a self-employed worker really should obtain advice. By taking this approach for their mortgage needs, they can hopefully avoid exiting the self-employed sector, and continue to fully focus on what they do best - delivering on their own business offering.

**Please get in touch if you'd like to hear more.**

■ **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 (November 2024).

■ 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.**

## Income Protection

■ This type of insurance cover is designed to pay out a monthly income, if you are unable to work due to an accident or illness. Yet many self-employed workers mistakenly believe that they'll never qualify for this - which is generally not the case.

■ And, of course, the self-employed worker is likely to be more financially exposed should they not be earning, and won't have a traditional safety net, such as sick pay.

■ Also, if you operate through a limited company, then the option exists for the company to pay the monthly premiums.

■ There are a multitude of options to consider, if taking out this type of policy - such as: long-term vs. short-term plans; or when the payments kick in after claiming for an accident or illness. All the numerous options will impact on both what you pay out each month, and the amount you could be claiming, if successful.

**As with all insurance policies, terms, conditions and exclusions will apply.**

■ **We cover mortgages, insurance and protection products along with a number of other financial areas, so do contact us if you'd like to discuss your financial needs: Tel: 01942 616226 / 07809 747536 Email: newsletter@winstanleymortgages.com Web: www.winstanleymortgages.com**