

HOME FINANCE NEWS

COVID-19 and mortgage holidays

Increased competition on mortgages

Is health protection cover too complex?

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COVID-19 and mortgage holidays



The Chancellor's recent announcement of a three-month mortgage holiday came as welcome news to millions of homeowners experiencing financial difficulties due to COVID-19. Both homeowners and landlords can now apply to their lender for a payment holiday if they are struggling financially.

How does it work?

Homeowners should apply directly to their lender. You will have to self-certify that your income has been affected – no documentation is required. Your lender should not charge a fee to process your application.

Taking a payment holiday will **not** reduce the capital you still owe, however, nor will interest stop accruing. That means it will take slightly longer and cost more to clear your debt once payments resume.

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

Increased competition on mortgages

Things may seem challenging right now, but good news exists, mortgage packages have become increasingly competitive.

Between the start of March and 7 April, the average interest rate on a fixed rate mortgage on 2 and 5-year deals, has reduced. On average, 2-year fixed rate deals have reduced 11 basis points and 5-year fixed rates have reduced 24 basis points.

At present, the most competitive rates for re-mortgaging are at 60% loan to value (LTV) and below. Interestingly, the level of choice and competition still available with the top five rates at 60% and 80% LTV have only 10 basis points between them.

Get in touch, we can help.

Your home may be repossessed if you do not keep up repayments on your mortgage. You may have to pay an early repayment charge to your existing lender if you remortgage



Is health protection cover too complex?



The UK's financial watchdog has criticised the complexity of healthcare protection policies, which can lead to negative outcomes for consumers.

The FCA¹ said that providers need to do more to protect people from rising premiums and inadequate policies, especially given that 15m people are currently living with a long-term illness.

Low take-up

The watchdog also commented on the low take-up of protection policies, reasons for which included "consumers consciously choosing not to buy these products because of cost, behavioural biases including consumers underestimating the likelihood of having to claim and over-optimism about their financial resilience."

Advice is key

In the current climate, protecting yourself and your family is more important than ever. Talk to us to review your options.

¹ FCA, 2020

As with all insurance policies, conditions and exclusions will apply

Government helps homeowners and renters

With businesses across the UK suffering amid the COVID-19 crisis, many workers have taken a hit to their income. It is therefore understandable that many are worried about paying their mortgage or rent. That's why the government has stepped in with a financial support package to help people remain in their homes.

On 17 March, the government announced that mortgage lenders would be offering three-month mortgage payment holidays to homeowners affected by coronavirus. It should be noted that the measure is a temporary reprieve – interest will still accrue on the loan, while the capital sum outstanding will remain unchanged.

Measures were also introduced to assist renters facing eviction. In the Coronavirus Act 2020, the notice period a landlord must give a tenant before starting eviction proceedings was extended until 30 September 2020. While the measure provides relief to financially struggling tenants, it does not exempt them from paying their rent, which could lead to further financial difficulty if not appropriately managed.

Financial advice is key

In times such as these, it is essential to seek professional advice to avoid further damage to your finances. If you have any concerns, please get in touch.

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Look after your mental health

With many of us at home during the coronavirus crisis, it's unsurprising that our anxiety and stress is higher than normal. So, it's important to look after your mental – not just financial – health.

The NHS¹ has released advice for those anxious about coronavirus, including:

- Stay connected with loved ones
- Talk to people or use helplines
- Use your time to help others
- Prepare yourself for being at home
- Keep up your exercise routine
- Only read COVID-19 news from reputable sources
- Take up new hobby
- Maintain your regular sleeping patterns.

Most of all, remember that the disruption to our lives is temporary, and concentrate on taking one day at a time.

Talk to us

If your anxiety is based on money worries, then talk to us. We can talk through options to help alleviate your concerns.

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