

# HOME FINANCE NEWS

**Don't cancel your insurance policies**

**Get paid to go green as grant extended**

**Property market surprisingly resilient**

February 2021

# Don't cancel your insurance policies



**Coronavirus restrictions are once again tightening the nation's purse strings, with job losses and reduced income continuing to impact millions.**

According to Premium Credit's latest Insurance Index, nearly one in five (19%) UK consumers have either cancelled or cut back on insurance policies, due to the pandemic.

## **The dangers of being uninsured**

The pandemic has shown us how the unexpected can hit us at any time. If you cancel your insurance policy, you could put your family's finances under strain if you lost your job or became too ill to work.

## **Creating room in your budget**

If you're struggling to pay your premiums, speak with us. We may be able to help you find some room in the budget to keep protecting your loved ones.

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

## Get paid to go green as grant extended

**The Green Homes Grant, which allows homeowners in England to claim vouchers of up to £5,000 to pay for energy-saving home improvements, has been extended. Homeowners will now have until 31 March 2022 to complete energy efficient upgrades to their home, rather than the previous deadline of March 2021.**

The scheme, which was launched in September last year, funds up to two-thirds of the cost of green home improvements, such as insulating walls and roofs, and installing low-carbon heating like heat pumps. Fuel-poor and low-income households can qualify for grants of up to £10,000 to cover the entire cost.

Vouchers will be valid for three months after they're issued or until 31 March 2022, whichever is sooner. However, homeowners can request an extension for reasons outside their control.



## Property market surprisingly resilient

**Thousands of aspiring homebuyers flooded the property market when it reopened last May, as pent-up demand, combined with new enquiries from buyers reassessing their property needs during Lockdown 1.0, created a surge in demand. This was further intensified by the Stamp Duty holiday.**

House prices in the UK climbed 7.5% last year, the highest growth rate for six years. Amongst the home nations, England saw the highest growth last year, with prices up 6.9%, prices rose 6.6% in Wales, 5.9% in Northern and 3.2% in Scotland. Even as the wider economic recovery lost momentum in recent months, housing market conditions have remained robust and in October, mortgage approvals reached their highest level in a decade.

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



# Brexit and the property market

**On 31 December, the UK formally severed its ties with the EU and a new era for the country dawned. But what effect will Brexit have on the property market – and your mortgage?**

In November 2018, Bank of England (BoE)'s November Financial Stability Report predicted, in a worst-case scenario, that property prices could plummet by over 30% following Brexit, pushing many mortgage holders into negative equity.

## **The COVID silver lining?**

The Brexit transition period, however, ended up coinciding with the pandemic, the impact of which has been so large that experts believe it will exert a much larger influence than Brexit on property prices. In fact, pent-up demand following the spring 2020 lockdown, combined with the Stamp Duty tax break, caused house price growth to reach a six-year high at the end of 2020.

## **What about my mortgage?**

Again, the pandemic is likely to have a greater impact than Brexit on interest rates in 2021, with the BoE base rate expected to remain low as the economy recovers. Therefore, mortgage finance is likely to stay competitive for borrowers this year. First-time buyers will also welcome the return of high LTV mortgages, with 90% LTV deals almost doubling between 1 December and 1 January.

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



## Positive news for the equity release market

**After a significant fall in activity during the first lockdown last spring, more positive news came later in 2020 for the equity release market. According to data from the Equity Release Council (ERC), in Q3, £963m was released by new and returning customers. Although a 38% increase on Q2, activity in the third quarter was 3% down on Q3 2019.**

Plans increased by 41% on Q2's levels to reach 10,351, buoyed by an extended pipeline, with some plans due to have been completed earlier in the year only coming to fruition in Q3.

Looking to the future, ERC Chairman David Burrowes says the key market drivers remain in place, *"People are living longer and retirement finances are increasingly squeezed as generous final salary pensions edge further to extinction. Many older households are already facing a situation where their expenses outweigh their disposable income, which makes access to property wealth an important pillar to support later life living standards."*

If you're considering equity release, it's important to think it over carefully and take advice as it's not the right option for everyone.

***A lifetime mortgage is a long-term commitment which could accumulate interest and is secured against your home. Equity release is not right for everyone and may reduce the value of your estate***



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