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Average two year fixed rate breaks 7% barrier

Darren Cook, mortgage expert at **Moneyfacts.co.uk**, comments:

“As predicted by Moneyfacts, the average rate for two-year fixed rate mortgages available on the market today breaks the 7% barrier and stands at 7.02%. Anyone looking to fix their mortgage for five years is also paying the price as the average rate on offer now increased to 6.82%.

“This increase is a result of the two-year swap rate reaching 6.52% last week. Any increased cost to lenders in arranging the funds on the money market is passed on to customers. Lenders are also taking an increased margin on top as they price their products for risk.

“The average SVR today stands at 7.02%. With most lenders not charging a product fee for moving onto their SVR, this is becoming a more viable option for many at the moment.

“As the rates on offer increase, so does the relative risk. More and more borrowers are likely to find the increased repayment too much to bear.

“These are continually worrying times for anyone coming to the end of their current mortgage deal. However, it seems not all is lost as there could be some light at the end of the tunnel for borrowers. Today, swap rates have decreased from its 6.52% high last week, by 0.16% to 6.36%. We hope that this recent downturn is not short lived and trust that lenders will play a fair game by reflecting this decrease in the rates that they will have on offer in the next few weeks.”

Note to Editors:

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Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at www.moneyfactsgroup.co.uk.

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Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

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