

26 January 2008

Lending figures will struggle to improve

Until borrowers can get a better deal than moving onto their lender's SVR, we are unlikely to see any significant improvements in lending figures.

Anyone with less than 25% deposit/equity will find that the new deals on offer are just too uncompetitive.

Deal	Rate
Average 2 year fixed	5.05%
Average 2 year tracker	4.11%
Average SVR	4.99%
Source: Moneyfacts.co.uk 26.1.09	

Max LTV	Average 2 year fixed	Average 2 year tracker
60%	4.37%	4.05%
75%	4.80%	4.11%
85%	6.02%	4.79%
90%	6.29%	Not Available
Source: Moneyfacts.co.uk 26.1.09		

Michelle Slade, analyst at **Moneyfacts.co.uk**, comments:

"There is simply no incentive at the moment for borrowers to go out and get a new deal. If you only have a small amount of equity in your home you are going to move onto your lender's standard variable rate (SVR) rather than pay over 6.00%.

"At a rate of 6.29% your monthly repayments on a £150,000 mortgage would be £993. If you are with Nationwide BS or Cheltenham & Gloucester your SVR is now 3.50%, which equates to £751 a month.

"It is going to take something pretty special to make a borrower pay £5,808 more over the two year term.

"Borrowers with less than 25% equity are in the majority, but they are being penalised with deals costing 2% more than on offer for those with 40% equity.

"Until we start to see competitive deals at 85% and even 90% LTV, we are not going to see any real improvements in the lending figures.

"Borrowers may want to borrow and lenders may start to lend again, but unless they lower rates on new deals we are going to continue with this stalemate position.

"The Government is asking banks to look at ways of lending responsibly. However, it seems that the banks are finding reasons not to lend at all."

Note to Editors:

About Moneyfacts.co.uk

Moneyfacts.co.uk is the UK's leading **independent** provider of personal finance information. For the last 20 years, Moneyfacts' information has been the key driver behind many personal finance decisions, from the Treasury to the high street.

Our increasingly popular consumer website www.moneyfacts.co.uk **helps customers make better financial decisions** and gives them the ability to check the latest best buy products and to search the **whole market** for products that suit their individual circumstances.

Moneyfacts.co.uk also supplies best buy charts to many of the UK national and regional newspapers, with a total weekly readership in excess of 22,000,000. Moneyfacts.co.uk also provides the personal finance data that powers many UK online comparison websites.

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.

Contact us...

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

Press Office	Darren Cook Head of Press & PR	01603 476207 dcook@moneyfacts.co.uk
	Michelle Slade Press Officer	01603 476454 mslade@moneyfacts.co.uk
Out of hours	Darren Cook Head of Press & PR	07803 899935
An ISDN line is available for broadcast: 01603 230551		