

21 July 2009

## Lenders desert long term fixed rate mortgages

This week sees Manchester BS withdrawing its 30 year fixed rate mortgage, meaning that borrowers can no longer fix their mortgage repayments for more than 15 years.

In July 2007, Prime Minister Gordon Brown announced that longer term fixed rate mortgages would help to reduce the volatility in the housing market. Following this announcement a number of lenders moved to offer such deals, but now the market has disappeared.

### Lenders offering 25 year deals:

July 2007	January 2008	January 2009	Today
Cheshire BS Kent Reliance BS Manchester BS	Cheshire BS Halifax Kent Reliance BS Manchester BS Nationwide BS Norwich & Peterborough BS The Co-operative Bank Yorkshire BS	Manchester BS Scarborough BS The Co-operative Bank	No deals available
<b>Source: Moneyfacts.co.uk 21.7.09</b>			

**Moneyfacts.co.uk** spokesperson Darren Cook commented:

“Raising the capital when interest rates are so low is difficult. Investor expect a higher rate of return than those currently being offered for terms of ten years plus, as the only way for base rate to go from here is up.

“With so little funds available, lenders are concentrating on their core business of shorter term deals.

“Britannia BS is the only lender to offer 15 year deals, but with rates starting at 6.49%, these are likely to be unattractive to many borrowers.

“Only nine lenders are offering ten year deals, with the majority of the market offering deals of no longer than five years.

“Long term deals may be unappealing to borrowers, particularly in an unsettled economic environment.

“Borrowers currently do not want to be tied in to long term deals and instead prefer stability in the short term, with have the freedom to make crucial changes afterwards.

“Providers and brokers alike prefer the frequent turnover of shorter term deals as they can ensure borrowers are on an appropriate deal for the market conditions.”

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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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