

8 September 2009

Half a year at half a percent

Bank of England base rate has been at 0.50% for six months now, but consumers have seen very little benefit.

Since 5 March 2009, consumers have been hit by falling savings rates and rising costs on mortgages, savings, personal loans, credit cards and overdrafts.

'See appendix for changes in rates.'

Michelle Slade, spokesperson at Moneyfacts.co.uk, commented:

"Base rate has been at an all time low for six months now, but it appears that only providers are feeling any real benefit.

"Borrowers looking for a new mortgage deal have been hardest hit, as lenders continue to look to repair their balance sheets through increased margins.

"Unsecured lending costs have also increased rather than fallen, as lenders fear future increases in the number of customers defaulting.

"All customers are now paying a higher price for unsecured lending to cover the minority of customers that will actually default.

"All is not lost for borrowers as competition slowly seems to be returning to the mortgage market.

"The number of mortgages available is slowly increasing and the average arrangement fee charged has decreased. The launch of the sub-2% HSBC deal will hopefully spur other lenders on to reduce rates and bring much needed competition back to the market.

"Banks and building societies continue to look to their savings book to fund lending activities and increased demand for savers' money has resulted in those looking for fixed rates being offered higher rates than they were six months ago.

"While variable savings rates have fallen over the last six months, they have started to go up again in recent weeks as providers look for other avenues to attract savers' money.

"Consumers will be hoping that as more time passes competition will become an increasing factor and that they will be offered more attractive deals across all finance areas."

Appendix

Mortgages

	5 March 2009	5 September 2009	Change
Fixed			
Average 2 year	4.84%	5.15%	+0.31%
Average 3 year	5.36%	5.59%	+0.23%
Average 5 year	5.64%	6.22%	+0.58%
2 year margin over swaps	2.58%	3.21%	+0.63%
3 year margin over swaps	2.83%	2.98%	+0.15%
5 year margin over swaps	2.62%	2.89%	+0.27%
Trackers			
Average 2 year	3.86%	3.72%	-0.14%
Average 3 year	4.15%	3.75%	-0.40%
Average 5 year	3.89%	3.72%	-0.17%
2 year margin over base	2.86%	3.22%	+0.36%
3 year margin over base	3.15%	3.25%	+0.10%
5 year margin over base	2.89%	3.22%	+0.33%
General			
Average Fee	£944	£925	-£19
Average LTV	73%	73%	No Change
Number of 60% LTV Products	272	315	+43
Number of 75% LTV Products	429	509	+80
Number of 90% LTV Products	89	106	+17
Source: Moneyfacts.co.uk 8.9.09			

Saving, loans, credit cards and current accounts

	5 March 2009	5 September 2009	Change
Savings			
Average Easy Access	0.98%	0.77%	-0.21%
Average Cash ISA (variable)	1.76%	1.46%	-0.30%
Average Fixed Rate Bond	2.71%	3.28%	+0.57%
Unsecured Personal Loan			
Average Loan Rate (£5K)	11.9%	12.1%	+0.20%
Credit Cards			
Average Rate	17.7%	18.1%	+0.40%
Current Accounts			
Average Credit Interest Rate	0.89%	1.11%*	+0.22%
Average Overdraft Rate	13.65%	13.88%	+0.23%
* Average increased due to changes from Abbey and Alliance & Leicester who increased credit interest rates and launched new accounts paying high rates of interest.			
Source: Moneyfacts.co.uk 8.9.09			

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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.

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