

The UK's mortgage market has changed profoundly in the last two weeks as the full effect of the Coronavirus has started to be felt. Lenders have been told to allow repayment holidays; moving home is virtually banned leaving swathes of home-movers in limbo; thousands of mortgage products have been withdrawn and the bank base rate has been reduced to 0.1%, the lowest in history.

Not surprisingly, many clients have been making contact to ask questions regarding their mortgage. We've attempted to provide answers to the most common questions, which we have detailed below.

We hope that the information we've provided below is helpful. Please do make contact if you need assistance in these difficult times, whether it be advice on your next home move, you are looking to re-mortgage or wishing to protect your finances. You can contact us at 01952 815930 or info@summersheaney.co.uk

Best regards and stay safe,

The CSFS Team

Some common questions you may have regarding your current mortgage position:

I have exchanged on a new property, but not moved in. What should I do?

The Government has stated that they do not want you to move during the lockdown, unless it is in exceptional circumstances. If you can therefore delay your move then you should. Mortgage lenders are now extending the expiry date on offers by three months to hopefully allow more time, while many solicitors are adding new clauses into contracts in case purchases don't progress.

I have completed on a new property, but not moved in. What should I do?

As with exchanges, the Government is requesting that moves don't occur unless there is no option. If you do have to move, then take extra precautions to adhere to the social distancing rules.

Can I qualify for a repayment holiday?

All lenders are required by the Government to offer borrowers the opportunity to take a three-month payment holiday. This is true for all homeowners, Buy to Let mortgages and for clients who have used the Government's Help to Buy scheme. The repayment holiday is available to borrowers who are up-to-date on their mortgage payments and not already in arrears.

Should I take a repayment holiday?

We believe that over 1 million borrowers have already requested a holiday and if you are in a position where you will struggle to meet your monthly mortgage payments, then it is a sensible thing to do. You won't need to go through a means test or demonstrate your income drop. There also isn't a fee to pay. However, we would stress that this is not free money and that you will need to make up the missed payments in due course. Instead at the end of the three month holiday, you will need to agree higher repayments moving forward with your lender or extend the term of

your mortgage. As such, taking a holiday will cost you more in the longer-term. Our recommendation would therefore be to not take a holiday unless you really need to.

Also, if you are coming up to the end of term on your existing mortgage deal, then be aware that taking a repayment holiday could impact on whether or not you can qualify for a re-mortgage or a new deal with your existing lender. Please therefore talk to us first before applying.

It's important that you don't cancel your direct debit to the lender. Simply cancelling the direct debit may cause issues later down the line when you come to the end of your payment holiday and could cause you to miss a mortgage payment in the future. A missed mortgage payment will show on your credit file.

I can't get through to my Lender. What should I do?

All of the lenders have been swamped with calls from borrowers about repayment holidays at a time when they were also trying to move significant numbers of staff to remote working. Many have consequently struggled to cope, leading to long waiting times. I would therefore encourage you to wait a few days for things to quieten down and try again or alternatively look on the lenders website. Most have detailed information on their response to COVID-19 and how to request a repayment holiday.

I am coming to the end of my current mortgage deal. Should I re-mortgage?

A significant number of products, particularly trackers and those at higher loan to value's, have been withdrawn by the lenders in recent days. However, over 10,000 products are still available and rates remain at historically very competitive levels. Funding may become more constrained in future, so if you are within six months from the end of your current deal, please get in touch and I'll talk you through the options available.

My income has dropped. How will this impact on my ability to get a mortgage?

All lenders look at your current income and any expected or known changes when they assess whether you can afford a mortgage. With access to a comprehensive range of lenders from across the market, we can help you find a mortgage that's right for you and that is affordable based on your income and expenditure.

I am looking to buy a property. Should I continue?

The number of property transactions are dropping fast and we expect the market to be in a state of suspended animation for at least the next two to three months. As such, even if you wanted to make a purchase you would find it difficult, unless it was a property you already knew and therefore didn't need a survey and were buying with cash only. There are plenty of commentators predicting a big fall in house prices, but in reality this is guesswork and it will be many months before it is clear whether or not prices have been impacted. Most property purchases are made for a reason – perhaps clients need more or less space, or they are changing work location - so on that basis alone we expect the market to gradually re-start once the immediate lock-down eases.

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