SpotOnMortgages Ltd

Long term relationship: Will and Laura Alexander, Bristol

This is one of my favourite examples of a long term relationship in which I was able to support a client through many financial mile stones.

I first met the Alexanders as a young family looking to buy a new house to suit their growing needs. I have since reviewed their mortgages for the last 20 years, supporting them through a number of re-mortgages. Like many young families the Alexanders had to deal with many demands on their finances which had to be carefully managed. Reviewing their mortgage regularly to ensure that the payment were affordable was therefore of great help to them.

A prime example of our relationship is a recent one; two years ago, circumstances dictated that the Alexanders' monthly mortgage payments needed to be reduced. We met up and discussed the situation in order to find the best solution. To support the client I suggested extending the mortgage term alongside a clear plan to reduce the mortgage size in the longer term. Our plan was based on a future pay out from an employer covering a semi-retirement package. Now this has come through, the family is able to reduce its outgoings and mortgage term just as we planned.

What does the client say?

'My wife and I first met Ian in the early 1990's when he arranged a mortgage for us at a very good rate. Since this first meeting we have been meeting with Ian when our mortgage required changing and updating or when our circumstances have changed. My wife and I must have met Ian around 40 times in the past 20 years and consider him now as a family friend.

Ian has always found us the best deal available (usually a fixed term mortgage) that suited our finances and salaries taking into account future expenditures that could affect our lifestyles.

We would both highly recommend Ian to anyone looking for a mortgage as he has helped and advised us for the past 20 years and we are about to reap the benefits of his sound advice.'

Will Alexander, home owner, Bristol

Spot On Mortgages – www.spotonmortgages.co.uk
Your home may be repossessed if you do not keep up repayments on your mortgage or any other debt secured on it.

Products

This is an opportunity to provide some details regarding the product types which I reviewed for Will and Laura. This will help you find out a bit more of what is involved should you wish to consider some of these products yourself:

Fixed Rate Mortgages: This is simply a means of guaranteeing your mortgage payment over a set period. Fixed rates are for an initial period, typically anything from a year to 10 years. After the fixed rate period ends, your mortgage will go onto a variable rate – normally a tracker rate or your lender's Standard Variable Rate - which won't give you the same kind of guarantee

Variable-rate mortgages: there are two main types of variable-rate mortgage, those that are based on the Bank of England rate and those based on the lenders' standard variable rate. Each lender has its own standard variable rate (SVR) which it can set at whatever level it wants so it's not directly linked to the Bank of England base rate. Based on this distinct difference there are two main types of mortgages on offer:

- ***Tracker mortgages*** : With a tracker mortgage your interest rate 'tracks' the Bank of England base rate (currently 0.25%) so for example, you might pay the base rate plus 3%.
  In the current mortgage market you'd typically take out a tracker mortgage with an introductory deal period. After this time you are moved onto your lender's standard variable rate. However, there are a small number of 'lifetime' trackers where your mortgage rate will track the Bank of England base rate for the entire mortgage term.

- ***Discount mortgages***: With a discount mortgage you pay the lender's standard variable rate (a rate chosen by the lender which doesn't change very often), with a fixed amount discounted. For example, if your lender's standard variable rate was 4% and your mortgage came with a 1.5% discount, you'd pay 2.5%.
  That is it in a nut shell, please go to our website for more details on the type of mortgages available.

Things to consider:

- Lenders can change their SVR at any time, so if you're currently on an SVR mortgage your payments could potentially go up
- If you're still in the initial deal period of your mortgage, make a note of when it's due to end and consider re-mortgaging at that point to avoid being moved on to your lender's SVR and paying more than you need to
- There are certain circumstances in which you will be better off keeping your current mortgage
- Meeting your mortgage broker t review your circumstances is key to getting the best mortgage to suit you

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