

Financial squeeze is time to re-evaluate

INDEPENDENT financial adviser, HFS Milbourne, is advising homeowners to use the current financial squeeze to review their mortgage arrangements.

The company insists it is a great time to re-evaluate choices as innovative new products from many of the lesser known lenders come onto the market for the first time.

Luke Ashton, mortgage consultant for HFS Milbourne, said: "Traditionally, lenders have been only too keen to offer increasingly competitive mortgage deals, but now we are experiencing a mortgage squeeze, the knock-on effect of the credit crunch, and the tables have turned.

"Many high street lenders have withdrawn products overnight simply because they cannot cope with an unprecedented demand. Others have raised interest rates to uncompetitive levels. Lenders have not turned their backs on homebuyers, they merely want to keep the best rates for 'low risk' customers who have a lower loan to value ratio."

Far from causing a meltdown in the mortgage market, Mr Ashton insists the squeeze has created a chance for many smaller lenders to compete with the high street for the first time using innovative new products. He added: "There are some very good deals available, if you know where to look.

For example we have seen 10-year fixed rate mortgages being offered at 5.29%. This is of particular appeal to those on a fixed income, or where long term financial stability is important."

He said that homeowners coming to the end of a fixed term deal need to review their mortgage provider as it is likely a new offer from the same supplier will not be competitive. With the Council of Mortgage Lenders stating that over the last 12 months there has been a 13% increase in the proportion of household income paid on mortgage interest, using an independent financial adviser can save the homeowner thousands of pounds.