

“Impossible” situation for remortgages is exaggerated, says Newcastle Building Society

The bleak warning from the City’s financial regulator that almost 1.5 million people who have to remortgage next year could find it “difficult, if not impossible to refinance their mortgage on favorable terms”, could cause undue panic, according to Newcastle Building Society.

Newcastle Building Society’s lending expert, Steven Marks, said: “From this week’s headlines, many people will be forgiven for thinking that they won’t be able to get a mortgage or competitive remortgage deal from their lender next year. Even though interest rates came down slightly this week, such a statement could leave borrowers feeling unnecessarily uneasy.

“Yes, these are difficult times and in a more difficult economy lenders have to take extra care to be responsible. But, apart from what is happening with Northern Rock and a small number of specialist lenders, other mainstream lenders are still keen to do business. I believe there will still be competitive deals out there for people next year.

“Interest rates have been climbing over the last two years, so there is likely to be an increase in payment for those coming off low fixed rate deals. However, by historical standards, rates are actually low. The outlook will also be helped by yesterday’s cut in the Bank of England Base Rate.

“Our clear message is: don’t panic and speak to your lender if you have any concerns.”

-ENDS-

About Newcastle Building Society

The Newcastle Building Society Community Fund was set up in 1992 and since then has given away over £600,000 to over 600 groups. It focuses on projects that help to nurture new talent, improve the community and help with children's education in the areas where it has a branch presence. As a further step forward, the Society has launched its Members Fund, which allows members to make an annual donation from one of their savings accounts. The criteria for this fund is chosen by the members and previously grants have been awarded to projects which aid children's education, improved adult literacy and numeracy and provided IT schemes for the over 55's.

* Except when monthly repayment of interest is most suitable for client.