

# Remortgaging now could avoid future mortgage debt



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Industry: [Real Estate](#)

**Press Release Summary:** Financial solutions company Think Money have said that remortgaging in the near future could help homeowners to reduce their outgoings and avoid falling into mortgage arrears – an increasing problem for British households – and added that mortgage rates could become even lower if the Bank of England lower the base rate further, as predicted.

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Press Release Body: Financial solutions company [Think Money](#) have advised existing homeowners that now is a good time to [remortgage](#), following the recent Bank of England base rate cut to 2% that has prompted some mortgage lenders to act more competitively with regard to mortgage rates.

They added that there is a strong possibility that the base rate may be cut even further in the coming months – with economists predicting a base rate as low as 0% – meaning tracker [mortgages](#) may become a

particularly attractive option to homeowners as interest rates fall further.

The Bank of England's base rate cuts in October and November led to several lenders passing on the full cuts to their variable-rate mortgages. Combined with the September's base rate cut of 0.5%, that represents savings of £255 per month (£3060 per year) on a typical £150,000 repayment [mortgage](#).

Tracker mortgages, by default, benefited from the base rate cut – and should economists' predictions of further base rate cuts be true, these homeowners should stand to benefit from even lower [mortgage](#) repayments.

A spokesperson for [Think Money](#) said: *"Existing homeowners could potentially save a lot of money if they [remortgage](#) now – and they will be even more pleased to hear that interest rates may fall even further in the coming months.*

*"Two years ago, typical mortgage rates were around the 6% mark – now we are looking at closer to 4.5% or 5%. A 1.5% fall may not look like a lot on paper, but it represents substantial savings on monthly mortgage payments.*

*"However, it's important to take into account the costs of remortgaging – the mortgage arrangement fee, for example – as well as the more limited availability of [mortgages](#) and the higher loan-to-value ratio required by a lot of lenders."*

The spokesperson added that while fixed-rate [mortgages](#) have seen no widespread interest rate cuts so far, further base rate cuts may encourage lenders to consider their rates.

*"Since fixed-rate mortgages represent a long-term decision, lenders have been even more reluctant to commit to lower rates. Nobody can be certain that rates are going to continue to go down, especially when they are as low as they currently are. However, a base rate cut to 1% or 2% might convince more lenders to set more competitive fixed rates on their mortgages."*

Mortgage debt has become an increasing problem amongst homeowners in the midst of the economic crisis, with the Council of Mortgage Lenders estimating that around 45,000 homes will be repossessed in the UK this year, compared with 27,100 last year.

A debt expert for [Think Money](http://www.thinkmoney.com) commented: *"The rapid rise in costs of living over the past year has led to a lot of people trying to balance their financial commitments, and in some cases that leads to mortgage arrears.*

*"It's especially an issue with people who were offered 100% and 125% mortgages, since their mortgage repayments are higher compared with homeowners who put down a deposit on similarly priced homes.*

*"The most important thing for homeowners to do if they find themselves falling behind on mortgage payments is to contact their mortgage lenders – it may be that they can come to an alternative agreement, or some kind of payment holiday, in order to allow them to get back on track.*

*"If the mortgage debt is more serious than that, it may be time to seek professional debt advice. There are a number of debt solutions, such as debt consolidation and debt management plans, that can reduce monthly outgoings – which could be crucial for homeowners who are struggling to meet their commitments.*

*"As with anything debt-related, if you are looking to do something about your mortgage arrears, it's always wise to seek professional debt advice beforehand."*

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Resources for editors:

Homepage: <http://www.thinkmoney.com/>

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page: <http://www.thinkmoney.com/mortgage/remortgage/>

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