

Property & Mortgage News

Award Winning Independent Financial Advisers since 1999

Welcome to the first Property and Mortgage Newsletter from Financial Advice Centre.

We have pulled together some research and news which we think you will find interesting and may help with your property search and market research.

We hope you find this useful and our Mortgage Advisers look forward to discussing your purchases with you when the time is right.

In this month's Property & Mortgage Newsletter:

- **Property 'catfishing'**
- **Time to fix your mortgage?**
- **BoMaD boom**
- **Time to negotiate?**
- **Later life lending and mortgages in retirement**
- **Latest house price statistics**



Niamh Byrne,
Head of Mortgages

E niamh@face-uk.com
M 07340 375529



Property 'catfishing' - new word, old trend?

Catfishing – it's a term from the online dating world referring to somebody who presents themselves somewhat differently online to when you meet them in person.

And it seems that a lot of prospective homebuyers are suffering the catfishing experience at property viewings, too.

An unpleasant surprise

A recent survey¹ of homebuyers suggested that the vast majority (71%) of homebuyers were catfished by a property during their search.

The most common issue was a property that was much smaller than it appeared in photos, while poor build quality frequently led buyers to believe a property wasn't worth the asking price.

Buyers were also disappointed by properties that looked more outdated than they'd expected, as well as tiny rooms being advertised as extra bedrooms.

Do your research

To avoid disappointment, try doing some extra research rather than relying on the estate agent's photos alone. A floor plan can give you an idea of the actual size of each room, while a street view tool could help you get a more realistic view of the state of the property.

¹MoveStreets, 2021

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Fix it?

Almost half of people (49%) have never remortgaged their home according to research², despite the average Briton having held a mortgage for over 13 years. By failing to consider their mortgage options, for example, securing a fixed term instead of a variable rate, just under a third (32%) know it could probably save them money.

²Barclays, 2021



BoMaD boom

Half of all first-time buyer transactions were supported by the Bank of Mum & Dad (BoMaD) in 2021, according to analysis³. BoMaD contributions of £9.8bn helped 169,000 first-time buyers onto the housing ladder. Surging BoMaD contributions could become the norm, analysts suggest, after Help to Buy is withdrawn completely from March 2023 onwards.

³Savills, 2021



Time to negotiate?

Six in ten UK homebuyers are unsure when to negotiate during the house buying process, even though the same percentage say they feel confident negotiating, a survey⁴ has revealed. In today's seller's market, negotiating can be a risk; seven in 10 admit their biggest concern is losing the property or being outbid by another buyer.

⁴Douglas & Gordon, 2021,

Later life lending and mortgages in retirement

Since the start of the pandemic our Mortgage Team have seen a significant increase in queries from clients relating to later life lending and mortgage options for the over 50's, as well as lifetime mortgages (formally known as equity release). Many of these queries relate to those looking into tax efficient ways to obtain funds to help children and grandchildren with house deposits, student fees, weddings, and other major life events. These days it's also not uncommon for people to purchase properties later in life.

Given the introduction of several products designed for a previously neglected demographic of borrowers over the last two years, the market is clearly responding to this national demand. Our Head of Mortgages, Niamh Byrne has provided some insight into the kinds of products available.

“Our Mortgage Advisers can help you to strike a balance between your current wants and future needs”

What is a lifetime mortgage?

The most popular product designed to release equity from property in the UK for those aged 55 and over is a lifetime mortgage. Unlike the equity release plans of the past, modern plans feature several customer-facing safeguards.

These protections mean that you and your partner are guaranteed to remain the sole owners of your home while having no obligation to make monthly payments.

There are plans available that allow you to release as little as £10,000 tax-free, while creating a further reserve fund. Others will allow you to ring-fence a portion of your home's value, protecting it as a guaranteed inheritance for loved ones. You can even fix the interest rate on your lifetime mortgage for life, so that you can understand exactly how much you will owe over time.

Naturally, as a lifetime mortgage involves accessing some of your property wealth now, there will be less available to you and your beneficiaries in the future. It could also affect your entitlement to means-tested benefits.

Our Mortgage Advisers can help you to strike a balance between your current wants and future needs. If you own your home and want to access your wealth in a flexible and safe way, then a lifetime mortgage could be for you.

A lifetime mortgage allows you to release tax-free cash from your home and benefit from the knowledge there are no required monthly payments and remain the owners of your home. Instead of contractual monthly repayments, the interest owed on the loan will compound and need to be repaid by sale of your property on your death or movement into permanent residential care.



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There are several options available to clients:

Roll up lifetime mortgage: You can release a tax-free cash lump sum from your home. There are no required monthly payments to make, with the interest being added to the mortgage monthly and rolling up over time.

Drawdown lifetime: Release an initial lump sum, while creating a reserve fund that can be drawn down at a later date. Interest is not charged on the reserve until it has been accessed, so this can be a good option to reduce the impact of interest roll-up.

Flexible features: Most products, whether roll-up or drawdown, will come with a variety of optional features designed to increase the flexibility of your borrowing. One of the most popular features is flexible payments, usually allowing you to make optional payments of This can be particularly useful if you wish to safeguard any future inheritance for your loved ones. A “No negative equity guarantee” means that you, or more specifically your estate, will never owe more than the property is worth when sold.

50+ Residential Mortgages

These products are specifically designed for people over the age of 50 where many mainstream mortgages may be unsuitable or not applicable due to age limitations.

Specific mortgage products for this time of life are created with a set term duration. Customers can opt for **interest only**, they make interest payments monthly but must demonstrate there are sufficient means to repay the mortgage at the end of the term. This could be through sale of property (either a main residence usually by downsizing, or a second home) or cashing in investments or assets.

Where customers opt for a repayment mortgage and make all of the payments, the mortgage will be repaid at the end of the term.

As with all mortgages, providers take several sources of income into account in assessing affordability.

For 50+ mortgages these include:

- Pension income (SIPPs, DB or DC private pensions, as well as state pension)
- Sale of the property when downsizing
- Sale of other properties owned
- Sale or maturity of investments, including any endowments or lump-sums entitled to when taking a pension.

If you are interested in these, please get in contact with our Mortgage Department to discuss your options and deciding which one suits your financial position better.



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House prices headline statistics

House Price Index (Oct 2021)*	140.7*
Average House Price	£268,349
Monthly Change	-1.1%
Annual Change	10.2%

*(Jan 2015 = 100)

Average house prices in the UK increased by **10.2%** in the year to October 2021.

On a non-seasonally adjusted basis, average house prices in the UK decreased by **1.1%** between September and October 2021.

House price growth was strongest in Wales where prices increased by **15.5%** in the year to October 2021.

Source: The Land Registry

Release date: 15/12/21

Next data release: 19/01/22

Average monthly price by property type - Oct 2021

Property Type	Annual Increase
Detached £425,121	14.0%
Semi-detached £256,537	10.4%
Terraced £216,481	8.8%
Flat / maisonette £222,381	6.6%

Source: The Land Registry

Release date: 15/12/21

Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	-1.5%	9.8%	£285,113
Northern Ireland (Quarter 3 2021)	3.0%	10.7%	£159,109
Scotland	0.4%	11.3%	£181,391
Wales	2.6%	15.5%	£203,224
East Midlands	-0.9%	11.7%	£228,290
East of England	-0.1%	11.2%	£332,216
London	1.9%	6.2%	£516,285
North East	-4.8%	9.7%	£147,719
North West	-4.8%	9.8%	£195,325
South East	-0.7%	10.3%	£366,883
South West	-0.7%	9.9%	£298,600
West Midlands Region	-3.3%	8.4%	£226,279
Yorkshire and The Humber	-1.7%	11.1%	£193,675

About Financial Advice Centre Limited

Financial Advice Centre Ltd is a team of Worcestershire based Independent Financial Advisers (IFA's) and Wealth Managers. Founded in 1999, the team has grown to become a leading West Midlands based firm recognised for progressive thinking and a refreshing, transparent approach to managing and advising on client funds.

Our team of IFA's have deep technical expertise and offer an innovative approach to financial advice as seen through our proven pedigree of successful strategies in these areas:

- Bespoke Investment Strategies
- Retirement Planning Solutions
- Wealth Management
- Pension Drawdown and Freedoms
- Life Assurance and Protection
- Inheritance Tax Planning
- Mortgages

We are active Advisers with a unique charging structure focussed on building long term relationships and consistently adding value to clients' investment propositions. Our aim is to provide a service that is both forward-thinking and independent to help clients achieve their financial objectives.

Clients choose to work with us because we simplify a complicated financial environment and consistently deliver results in a way that's easy to understand.



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Independent Financial Advisers

E office@face-uk.com

www.face-uk.com

Head Office

7 Sansome Place
Worcester
WR1 1UG

T 01905 731 864

Bromsgrove Office

3 Birch House,
Harris Business Park
Hanbury Road, Stoke Prior
Bromsgrove B60 4DJ

T 01527 362490

Wolverhampton Office

Hilton Hall Business Centre
Hilton Lane, Essington
South Staffordshire
WV11 2BQ

T 01902 939150