

BEST Financial Solutions Ltd

Whatever your financial challenge

Welcome to the October edition of my client newsletter. Within this issue I'll be covering:

- The state of the UK mortgage market
- Financial Reasons to make a will
- News in brief

I do hope that you'll enjoy reading this newsletter and will welcome your feedback.

Best regards

Tony

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Registered in England, Company No. 4722243.
Registered address: Cornelius House 178/180 Church Road Hove BN3 2DJ

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The state of the UK mortgage market

In September it had been reported that average mortgage interest rates were back to the same level as they were at the start of the 'credit crunch' in August 2007. During this period the Bank of England Base Rate had fallen from 5.75% to 5%, but mortgage fixed rates rose to over 7%. The situation had started to improve with lender competition seeming to have returned. Lenders were cutting their rates to gain market share.

However, the collapse of Lehman brothers has sent shockwaves reverberating around the world. Swap rates rose and mortgage rates jumped up again. Now that swap rates have plunged again we can expect to see some more competitive fixed rates. With many economists predicting further Base Rate falls next year as inflationary pressure eases, we can hope that some liquidity may return to the mortgage market leading to more competitive products.

What has changed in the last year is lending criteria. The key changes are:

- A bigger deposit/equity is required to secure the best rates of interest – typically borrowing of 60% of the value of the property
- Only a handful of banks will lend to borrowers with just a 5% deposit.
- 100% + borrowing is a thing of the past
- Many lenders use your credit rating to determine if and how much they will lend
- The market for self-certification and Buy-to-Let mortgages has tightened dramatically with bigger deposits required (often 25%) and higher interest rates charged. Many lenders have left the market.
- Arrangement fees have increased to an average of £1,000 with many lenders charging 1 to 3% of the loan in return for a lower fee.
- The 'sub-prime' market for those with limited or bad credit histories has disappeared.

I'm optimistic that the situation will continue to improve albeit slowly. As confidence gradually returns to the financial markets leading to greater mortgage liquidity, a stable unemployment rate and the age old problem of a shortage of housing stock will stimulate the stagnant housing market into recovery.

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If your current mortgage deal is due to end soon then I will be in touch, usually three months before expiry to talk about your options. Please don't hesitate to contact me sooner if there's something on your mind.

Your property may be repossessed if you do not keep up repayments on your mortgage.

For mortgages we can be paid a fee, usually £400 or by commission.

Financial reasons to make a will

It has been estimated that seven out of ten people die without making a will. Many people put off doing so for a number of reasons but the implications could be severe. Here are the top five reasons for taking action:

- 1) If you're not married or in a civil partnership your partner will not inherit automatically – the state decides
- 2) Even if you are married or in a civil partnership your partner won't get everything if your estate is greater than £125,000
- 3) To make financial provision for the education and upkeep of your children including appointing guardians
- 4) Wills are deemed invalid if you marry, enter a civil partnership or divorce, unless the current will is written in anticipation of this event
- 5) You can make sure you don't pay more inheritance tax than necessary

I have relationships with two national will writing firms who can visit you at home at a convenient time to address what is often a difficult subject to discuss. Making a will is straightforward and relatively inexpensive. Together with life assurance it should be the corner stone of your financial planning.



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News in Brief

My **Personal Assistant**, Sandie Jackson has now been working with me for over one year and has provided great help in dealings with lenders, insurers and solicitors freeing up more time for me to do what I enjoy – talking to you and looking at providing the best financial solution for your individual needs.

I'm looking forward to start working in my **new office** I've had built in the garden. At the moment I run the business from a room at home so it will be nice to have that 'off to work' feeling, separating work and home life and cutting off distractions. Power and the phone line have just been run down there. A second coat of paint out will be needed before it becomes fully operational at the end of October. Peter at <http://www.hortons-portablebuildings.co.uk/> has been a great help.



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Each month I'll be choosing a [charity](#) to focus on. A percentage of fees and commissions earned from my business transacted with you will be donated to this charity. For October it will be [Beating Bowel Cancer](#) following a friend aged 47 recently having this diagnosis as well as friend of my father. Bowel cancer is Britain's second biggest cancer killer. To find out more please take a look at <http://www.beatingbowelcancer.org/new/>

Please don't forget about my [insurance checker service](#) to make sure you have the right cover at the best price for you. Since its launch many clients have either saved money or improved their cover for the same premium. This includes life assurance, critical illness cover, Income Protection, Payment Protection including Redundancy cover and buildings & contents. Please get in touch to find out how you can benefit.

"A bank is a place that will lend you money if you can prove that you don't need it" – Bob Hope

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The FSA does not regulate Will Writing and some forms of Buy to Let mortgages

For Buildings & Contents Insurance and Payment Protection insurance we offer products from a selected panel of providers

We do not offer advice on Inheritance tax planning and we act as introducers only for Will writing.

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