

# Best Financial Solutions

## Newsletter

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Welcome to the August issue of the Best Financial Solutions newsletter.

My aim is to enlighten and give guidance to help you manage your finances better.

I hope you enjoy it in the new format and as usual welcome your comments.

Best wishes.

Tony

Tony Leonard  
Director



*'The markets are moved by animal spirits and not by reason'*

*– John Maynard Keynes*



## Mortgage market update

**First Time Buyers** – A minimum of 10% deposit required.

**Buy-to-Let** – 25% deposit required. Rates remain uncompetitive and fees high compared to residential products.

**Remortgage/Home movers** – Best terms offered to those with 25% of equity

**Income multiples** – Five times sole or joint income is still available from selected lenders for those with good deposits, income and credit rating.

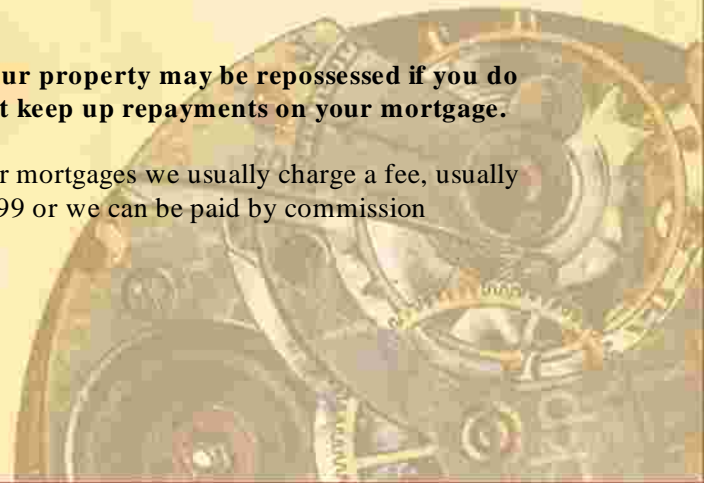
**Fixed rates** – June saw lenders increase the price of longer term (five years) rates by 1% approximately.

**'Drop-lock' trackers** – A couple of lenders are offering low rate tracker products with the option to switch to a fixed rate without early repayment charges.

**Self-build mortgages** – Still available at up to 95% of the land cost and 95% of the build cost.

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

For mortgages we usually charge a fee, usually £299 or we can be paid by commission



*'Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidise it.'* – Ronald Reagan

## Checking your credit rating

In today's financial climate lenders are offering the best terms to borrowers who have the best credit score. The pass bar has been raised to the extent that even with no adverse credit history some borrowers are being declined or offering poor terms. So what makes for a good credit score and how can you improve yours?

There are three credit ratings agencies – Experian, Equifax and Callcredit. Every time you take out or apply for credit the date, amount and payment history is recorded by these agencies. This can include mobile phone contracts, bank accounts, loans, credit cards and mortgages. Making payments on time and paying off debt improves your rating while being late, missing payments, defaulting or having a county court judgement (CCJ) served can wreck a credit score rating.

When you apply for credit lenders access this information and use other personal information to arrive with their own score to determine if they think you're likely to be a good borrower who will pay back on time and without issue. At the moment they are so risk-averse that they don't need much of an excuse not to lend.



If you think you may need to apply for credit in the near future here are a few steps should take:

- See what the lenders see and access your credit reference file. You can do this for free at [www.experian.co.uk](http://www.experian.co.uk)
- If there is something on there that shouldn't be deal with it immediately. Lenders make mistakes or there could be a fraudulent entry.
- Make sure you are registered on the electoral roll. This boosts your credit rating. Speak to your local council.
- Don't be late with payments – set up a direct debit.
- If you have no credit then apply for a credit card with your bank. Use it each month for a small sum, paying it back the next. This will improve your rating as lenders can see your ability to repay finance.

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## Protecting the money maker



You may think it won't happen to you but Government statistics show that as of August 2008 over 1.2 million people have been unable to work for over five years due to illness or accidental injury.

How long could you continue to pay your financial commitments and living expenses if this happened to you? Employed people may get sick pay for a short period before claiming state benefits, starting at £50.95 per week, but it wouldn't take long before savings and credit cards are eaten into.

Income protection insurance is designed to provide a regular tax-free income of usually 50-65% of your usual salary until you are fit to return to work. The premiums could be cheaper than you may think and are calculated based on your occupation, income, years until retirement, age, health and sex.

Please get in touch if you'd like a quote or wish to find out more.

### Facts and figures

- **House prices** rose for a third month running according to the Nationwide Building Society
- **CPI inflation** fell to 1.8% for the year to June 2009
- **Unemployment** rose to 2.38 million in July
- The UK **national debt** is the total amount of money the Government owes to the private sector. In June 2009 this was £798.8 billion or 56.6% of GDP. In 2002 it was 29%

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