



Richard Coakes Mortgages

MONEY MATTERS

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AVOID THAT HOLIDAY SELFIE

IS NOW A GOOD TIME TO FIX
YOUR MORTGAGE?

WHERE TO INVEST IN BUY-TO-LET



£17M A DAY PAID IN PROTECTION CLAIMS

Association of British Insurers (ABI)¹ figures show that the insurance industry paid out £6.2bn in life insurance, critical illness and income protection claims in 2020, which averages £17m a day, the highest combined figure on record and up 8% on 2019.

Reassuringly, 98% of all claims were paid, virtually unchanged from 98.3% in 2019. Charlie Campbell, ABI Manager for Health and Protection said, *"The pandemic reinforced just how valuable the protection provided by insurers has been. The high number of claims paid should give people confidence they can trust that their insurance provider will be there when they need them."*

We can help you find protection cover to suit your budget, so please don't hesitate to get in touch. As with all insurance policies, conditions and exclusions will apply. ¹ABI, 2021

AVOID THAT HOLIDAY SELFIE

With limited travel back on the agenda, including staycations for many, it pays to think twice before posting a holiday selfie on social media.

Your insurer may think you are advertising the fact that you are away from home, leaving your property unoccupied and your contents at risk. This could invalidate your insurance cover. Unfortunately, more and more criminals are searching social media posts to identify when a property might be empty.

If you plan to take a long break, check how many days your cover will remain in place for, as most policies will specify that your home can only be empty for a certain number of consecutive days. It might be worth asking somebody you trust to house sit for you while you're away.

MAJOR BARRIER TO PROPERTY PURCHASE

Saving for a deposit has been cited as a major barrier to purchasing a home by 59% of people, according to the latest survey from the Building Societies Association (BSA)¹. Climbing from 54% in December last year and just 40% last June, raising a deposit is currently the biggest obstacle. Head of Mortgage and Housing Policy at BSA, commented: *"It remains clear that there are many people for whom the pandemic continues to have a negative financial impact."* The quarterly property tracker outlines lack of job security as a barrier to purchase by 45% of people, down from 59% in March. Access to mortgage finance is seen as a barrier by 37% of people, with worries concerning falls in property prices a barrier for 16%.

Your home may be repossessed if you do not keep up repayments on your mortgage. Sources: ¹bsa.org.uk

IS NOW A GOOD TIME TO FIX YOUR MORTGAGE?

Five-year fixed rate mortgages have dropped to the lowest rates on record, handing a boost to people wanting to get a competitive deal, whether remortgaging or buying a home. This comes after rates on some two-year fixes dropped below 1% recently for the first time since 2017.

More products available

According to Moneyfacts¹ there were around 800 five-year fixed rate remortgage products available in early to mid-July. In an example of how competitive mortgage rates currently are, borrowers with a deposit of 20% deposit can expect to secure a two or five-year deal with a rate under 2%.

Will it last?

While the BoE kept bank rates low throughout the pandemic, it is only now that the lower rates are being passed on to borrowers. Many mortgage market experts feel that interest rates are unlikely to go any lower, and that borrowers are soon to see the tide turn in the form of rate increases. If you're interested in taking advantage of current low rates to fix your mortgage, don't hesitate to get in touch to see how we can help. Moving to a fixed rate could potentially save you money as well as giving you the peace of mind in knowing what your mortgage payments will be for the term of the fixed rate.

Your home may be repossessed if you do not keep up repayments on your mortgage. Source: ¹[moneyfacts.co.uk/mortgages/](https://www.moneyfacts.co.uk/mortgages/)



WHERE TO INVEST IN BUY-TO-LET

Investing in a buy-to-let property delivers an average return of 5%, making it a solid choice for would-be investors. However, the returns you'll get depend heavily on where you buy, research1 shows.

Birmingham takes the top spot

The study by Seven Capital examined a wide range of factors, including property prices, rental yields, tenant demand and career opportunities, among others, to determine the UK's top 10 buy-to-let locations. Birmingham, with property prices expected to rise by 19.5% over the next five years, topped the list, followed by Manchester, Derby, Nottingham, Newcastle, Leeds, Edinburgh, Bracknell, Sheffield, Glasgow and Liverpool.

Northern cities in the lead

Bracknell, in Berkshire, is the only location in Southern England to make the cut, with the remainder spread across the North of England and Scotland. With the government's plans to 'level up' the UK at the top of the agenda and millions of pounds of funding earmarked for Northern cities in the near future, it's unsurprising that so many topped the 2021 list.

Help is at hand

When it comes to BTL, location clearly matters. If you are looking to invest and get a strong return on your investment, come to us for mortgage advice.



DO I NEED TO INSURE MY INSURANCE

Each year, we spend thousands on insurance, from our health and homes to our holidays, pets and cars.

What would happen to that money spent on safeguarding if the insurer were to fail? For peace of mind, the Financial Service Compensation Scheme (FSCS) advises three steps before taking out an insurance policy:

1. Check the provider is authorised by the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA) if they are UK based
2. If you choose a UK-based broker who might represent a non-UK based insurance company, ask your broker to identify the insurance company they are placing your cover with and if the insurer is FCA authorised
3. Check your chosen insurance product is FSCS protected.

We can help.

As with all insurance policies, conditions and exclusions will apply.

Sources: [fscs.org.uk/](https://www.fscs.org.uk/);
assets.loyds.com/media/

DO YOU KNOW YOUR HOMES TRUE WORTH?

Do you think you know how much your home is really worth? Would you be surprised if it was worth much more or much less?

Many homeowners' estimates don't live up to reality, with 45% of respondents to a recent survey¹ undervaluing their property and 25% overestimating its worth. Under a third were correct. Those who underestimated, did so by £46,305 on average, while those who overvalued thought their property was worth £44,313 more. Combining all responses, homeowners were shown to be underestimating the value of their properties by £9,470 on average, £237bn collectively.

Understanding your property's value may have a significant impact on your life. Of those who sold their home after taking the survey, 81% said their unexpected windfall had enabled them to improve their lifestyle.

¹Zoopla, 2021

PROTECTION AND THE GENDER PARADOX

Despite a better understanding of the limitations of state health and welfare support than men, women are less likely to engage with group protection benefits.

It's a phenomenon that Legal & General¹ have termed the 'gender paradox'. Despite knowing that state benefits are unlikely to meet their financial needs if they lose their income, women are less likely to adjust their workplace protection cover or to make a claim. Across group income protection, critical illness cover and employee assistance policies, just 56% of women have engaged with these workplace benefits compared with 68% of men. Whether you have group protection or would like to take out an individual policy, we can help ensure you have the cover you need.

As with all insurance policies, conditions and exclusions will apply. **Source:** ¹legalandgeneralgroup.com

AN INTRODUCTION TO GREEN MORTGAGES

The built environment contributes around 40% of the UK's total carbon emissions¹, meaning energy efficiency is becoming an increasingly essential issue. Enter green mortgages: loans according to which a lender will offer buyers preferential rates and terms if the home they are buying meets certain energy efficiency standards, or where the borrower has committed to retrofitting their home.

On the rise

Whilst these types of mortgages have been around for several years, research from Defaqto² suggests they only really took off in 2021, with 26 green mortgage products available on the market this year compared with just a handful a year ago. And it looks like this is just the beginning of a steep ascent, with the Climate Change

Committee³ saying that all UK homes should have an energy performance certificate (EPC) rating of C or above by 2028. Currently, 19 million of the UK's 29 million homes have a rating below this.

What types of homes qualify?

Usually, new-build homes with low EPC ratings (i.e., A or B) will qualify, but certain deals will offer incentives to those who make green home improvements. The incentive will usually be a lower rate, cashback, or a mixture of the two.

Your home may be repossessed if you do not keep up repayments on your mortgage. Sources: ¹UK Green Building Council, 2021, ²Defaqto, 2021, ³Climate Change Committee, 2021



PROTECTION - MAKE SURE YOU KEEP A STEP AHEAD

Nearly a third of homeowners (31%) have said they would only consider purchasing protection insurance if they fell ill¹ – which defeats the point as it's already too late. Other triggers for taking out protection include having an accident (24%) or a change in employment status (25%). Worryingly, 22% say there is no circumstance that would make them consider purchasing a protection product. Other reasons given include not thinking they need it (28%), believing it to be too expensive (25%) and not being able to afford it (22%).

No regrets

Unfortunately, once people experience a change in their circumstances, it is often too late to protect themselves. Protection policies rarely offer backdated cover, meaning that homeowners could find themselves in unnecessary financial difficulty as they try to meet their financial liabilities. Many of those questioned said they wish they had better understood the true value of protection, with one in seven people (14%) regretting not having financial protection in place that would have supported their mortgage payments in the past.

Get ahead

We can advise you on suitable and cost-effective products to protect you and your family financially – before it's too late. **As with all insurance policies, conditions and exclusions will apply.** Source: ¹metlife.co.uk/about-us/media-centre/



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