

New data analysis reveals true cost of mortgages

Product data analysis from Mortgage Brain, the multi-award winning mortgage technology solutions provider, is being used to show the true cost of mortgages and reveals that potential borrowers face significant rate and cost differences between LTV ratios.

The analysis, a breakdown of all main product types in the UK mortgage market (direct and broker) for a repayment mortgage, is calculated by the lowest rate for a property of £180,000 and has shown that the lowest interest rate for a 90% two year Tracker is more than twice that of the lowest rate product with a 60% LTV – 105% higher.

The difference in the lowest rate available between a two year Fixed with a 90% LTV and a 60% LTV product is almost as great - 82% - with the lowest rates being 1.64% (60% LTV) and 2.99% (90% LTV) respectively.

In terms of actual cost over a two year period, the lowest two year Fixed rate mortgage with a 90% LTV will cost borrowers 20% more than the lowest rate 60% product of the same type.

Similarly, borrowers face a 14% difference in cost for the repayment of the lowest rate two year Tracker with a 90% LTV compared to the lowest rate 60% LTV product.

Mark Lofthouse, CEO of Mortgage Brain, comments, “Our new product data analysis provides a very clear and concise picture of the true cost of a repayment mortgage and makes like for like comparisons to be made across different product types.

“Not only can this new data assist brokers when they’re conducting a mortgage search and comparing products with their clients, but lenders can also use it to ascertain the position and competitiveness of their products within the market.”

More/...

Although a major difference between the lowest rate 90% and 60% LTV products can be seen, the analysis since the beginning of 2013 shows favourable results for the overall performance of interest rates.

Based on Mortgage Brain's new analysis, the lowest rate two year Fixed rate product with a 90% LTV has come down by 19% over the past three months and 24% since January 2013 – down from 3.94% in January to 2.99% at the start of July.

The lowest rate two year Fixed rate product with a 60% LTV, by comparison, has seen an interest rate drop of 6% since April 2013 and an 18% drop over the past six months (down from 1.99% to 1.64%).

The interest rate for a two year Tracker with a 60% LTV has come down by 30% since the start of the year, down from 2.49% in January to 1.75% at the start of the month. The current rate, however, has held steady for the past three months at 1.75% month on month since April 2013.

The lowest rate two year Tracker with a 90% LTV has seen less fluctuation over recent months with interest rates down 4% since April and 7% since January 2013 - down from 3.84% to 3.59%.

- Ends -

Mortgage Product Data – Supplied by Mortgage Brain (Lowest Rate repayment products for a £180,000 property)								
Product	2/1/13	1/4/13	1/7/13	3mth change	3mth change (%)	6mth change	6mth change (%)	Difference to 60% LTV
2 Year Tracker 60% Purchase	2.49%	1.75%	1.75%	0.00%	0.00%	-0.74%	-29.72%	n/a
2 Year Tracker 90% Purchase	3.84%	3.74%	3.59%	-0.15%	-4.01%	-0.25%	-6.51%	(1.84%) / 105.14%
2 Year Fixed 60% Purchase	1.99%	1.74%	1.64%	-0.10%	-5.75%	-0.35%	-17.59%	n/a
2 Year Fixed 90% Purchase	3.94%	3.69%	2.99%	-0.70%	-18.97%	-0.95%	-24.11%	(1.35%) / 82.32%
5 Year Tracker 60% Purchase	2.59%	2.29%	2.29%	0.00%	0.00%	-0.30%	-11.58%	n/a
5 Year Tracker 90% Purchase	4.09%	3.64%	3.64%	0.00%	0.00%	-0.45%	-11.00%	(1.35%) / 58.95%
5 Year Fixed 60% Purchase	2.79%	2.64%	2.44%	-0.20%	-7.58%	-0.35%	-12.54%	n/a
5 Year Fixed 90% Purchase	4.59%	4.20%	4.19%	-0.01%	-0.24%	-0.40%	-8.71%	(1.75%) / 71.72%

More/...

Mortgage Product Data – Supplied by Mortgage Brain (Monthly cost (£) per £1,000 borrowed – repayment for a £180,000 property)								
Product	2/1/13	1/4/13	1/7/13	3mth change (£)	3mth change (%)	6mth change (£)	6mth change (%)	Difference to 60% LTV
2 Year Tracker 60% Purchase	£4.67	£4.55	£4.60	£0.05	1.10%	-£0.07	-1.50%	n/a
2 Year Tracker 90% Purchase	£5.50	£5.50	£5.25	-£0.25	-4.55%	-£0.25	-4.55%	£0.65 / 14.13%
2 Year Fixed 60% Purchase	£4.70	£4.40	£4.40	£0.00	0.00%	-£0.30	-6.38%	n/a
2 Year Fixed 90% Purchase	£5.28	£5.29	£5.30	£0.01	0.19%	£0.02	0.38%	£0.90 / 20.45%
5 Year Tracker 60% Purchase	£4.70	£4.51	£4.46	-£0.05	-1.11%	-£0.24	-5.11%	n/a
5 Year Tracker 90% Purchase	£5.90	£5.54	£5.30	-£0.24	-4.33%	-£0.60	-10.17%	£0.84 / 18.83%
5 Year Fixed 60% Purchase	£4.83	£4.63	£4.63	£0.00	0.00%	-£0.20	-4.14%	n/a
5 Year Fixed 90% Purchase	£5.64	£5.40	£5.54	£0.14	2.59%	-£0.10	-1.77%	£0.91 / 19.65%

NOTES TO EDITORS

About Mortgage Brain Limited

- Mortgage Brain Limited is the most widely used and preferred provider of point-of-sale, compliance, mortgage sourcing and electronic trading products and services for mortgage intermediaries.
- MBL Holdings, formed in 1986, is jointly owned by Barclays Woolwich, The Lloyds Banking Group, Nationwide, Virgin Money, Royal Bank of Scotland and Santander.
- The consortium of six owners, together with their subsidiaries, collectively account for in excess of 65% of the new business mortgage market within the UK.
- MBL Holdings currently has over 26,000 users of its products and services.
- Mortgage Brain is a Microsoft Silver Certified Partner and has won a number of industry awards including the 2010, 2011 and 2012 Mortgage Strategy 'Best Technology Provider' Award, the Pink Service Award for 'Best Technology Provider', and 'Technology Advocate of the Year' at the 2010, 2011, 2012 and 2013 British Mortgage Awards.

For further press information, please contact:

Damion Clark at the Mortgage Brain Press Office. **Tel:** 07789 911314

Email: damion@realpublicrelations.com

For all other enquiries, please contact:

Mark Lofthouse, CEO of Mortgage Brain. **Tel:** 07776 143 056 or 01527 557203

Email: mark.lofthouse@mortgage-brain.co.uk