

PRESS RELEASE

Significant growth in mortgage costs for low-deposit borrowers

UK, December 02 2020: The cost of borrowing for low-deposit borrowers has increased substantially across all mortgage types over the last 12 months, new data analysis from mortgage technology expert Mortgage Brain has revealed.

For example, the cost of a 90% loan-to-value (LTV) two-year fixed rate mortgage has jumped by more than 28% between November 2019 and November 2020. In monetary terms that means the cost per £1,000 borrowed has grown from £4.06 to £5.22 over the year. For a loan of £200,000 this equates to an annual increase of £2,784.

The cost of a three-year fixed rate mortgage at 90% LTV has risen by 17.2% across the same period, which equates to an increase from £4.31 to £5.05 per £1,000 borrowed, while the cost of five-year fixed rate mortgages at this LTV band have seen a more modest rise of 9.7%, moving from £4.35 to £4.77 per £1,000 borrowed. For a loan of £200,000 the increases in the annual payments are £1,776 and £1,008 respectively.

Borrowers at smaller LTV bands have also seen costs grow over the year, albeit by smaller amounts. For example, the cost of a 60% LTV two-year fixed rate has grown 2.96% from £3.71 to £3.82 per £1,000 borrowed, while the cost of a three-year fixed rate at the same LTV band has jumped to £4.24 from £3.98 per £1,000 borrowed, an increase of 6.53% over the year. However, there is better news for borrowers looking at five-year fixed rates. Mortgage costs at 60%, 70% and

80% have all dropped over the last 12 months, by 4.95%, 3.42% and 3.80% respectively.

Neil Wyatt, sales and marketing director at Mortgage Brain, commented: "Lenders have understandably taken a more cautious approach to their product ranges due to the operational and potential economic impacts that have been experienced as a result of the Covid-19 pandemic, and that's been seen most clearly with the products on offer to borrowers with a deposit of just 10%. Not only has there been a significant reduction in the availability of these products, but the costs of the products that are on the market have increased to a striking extent.

"It's not just those with small deposits that face higher costs than a year ago though. In fact, it's only five-year fixed rate mortgages which have seen costs fall over the last 12 months."

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ABOUT MORTGAGE BRAIN LIMITED:

[Mortgage Brain](#) is an expert in technology and software solutions proactively supporting Lenders, Networks, Corporates and Intermediary Mortgage Advisers.

Its integrated product suite includes;

- First and Second charge, whole of market, online and desktop mortgage sourcing systems [MortgageBrain Classic](#) and [MortgageBrain Anywhere](#)
- Standalone second charge sourcing website [LoansBrain](#)
- Case tracking and quoting comparison portal [ConveyancingBrain](#)
- Point-of-sale, CRM and compliance system with online client portal [The Key](#)
- Multi-lender mortgage application platform [MTE, Mortgage Trading Exchange](#)
- New multi-lender online gateway due to launch in 2020 [Lendex](#)
- Websites, calculators, plugins [MortgageBrain B2C](#)
- Lead Generation Suite for Advisers, including consumer facing app, website and Amazon Echo Skill [UKMortgages](#)
- Criteria mortgage sourcing – [Criteria Hub](#)
- Affordability sourcing - [Affordability Hub](#)
- Data Analysis & Lending Solutions.

Mortgage Brain has over 25,000 users of its products and services and is a Microsoft Silver Certified Partner.

Four times winner 'Best Technology Provider' at the Mortgage Strategy Awards, winner of the Best Sourcing System at the Financial Reporter Awards and four times winner of the 'Technology Advocate of the Year' at the British Mortgage Awards.

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FOR ALL ENQUIRIES, PLEASE CONTACT:

Press Office Tel: 01527 557220

Email: pressoffice@mortgage-brain.co.uk

Mark Loffhouse, CEO Mortgage Brain. **Tel:** 07776 143 056

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