

Mortgage & Protection news

The newsletter from Your Name Here

Following December's **Base Rate** cut, the decision at the February meeting was to maintain the rate at **3.75%**. However, 4 of the 5 members did want to reduce it to 3.5%. (Source: Bank of England, 5 Feb. 2026)

» Whilst a further cut would have been welcomed, the first quarter of 2026 could still be the time to take action, particularly as many would have **held back from making decisions** until after the Budget - and then we ran into the festive period.

The marketplace for 2026

After a difficult few years, 2026 may also deliver a more optimistic environment, with gradually improving affordability, continued product innovation, and less of a shock for many as they come off fixed rate deals.

Projected levels of borrowing

UK Finance expects **gross mortgage lending in 2026 to rise by 4%** to £300bn. And whilst product transfers (where we can identify the most suitable deal with your current lender) will remain the biggest part of the borrowing cake, that's only expected to rise by 2% in 2026. Conversely, remortgaging (to a different lender) is pencilled in at a larger 10% year-on-year rise.

(Source: UK Finance, Mortgage Market Forecast, Dec. 2025)

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The Path Ahead

Lender Competition

Factors, such as world events, and the **desire by lenders to price competitively to win your business**, would influence how some set up their mortgage deals.

Further considerations are how lenders react to any future Base Rate cuts, and how

Swap rates are performing. The latter is below where they were at the start of the last quarter of 2025. Lower Swaps often translates to lower fixed rate deals, although, we've had a slight uptick in recent weeks.

(Source: Chatham Financial, February 2026)

Continued on page 2 ➔

UK Property Price predictions for 2026

Source	Price Growth	Key Drivers
Nationwide	+2% to +4%	Improving affordability, and a modest decline in interest rates.
Halifax	+1% to +3%	Lower rates, and improving affordability.
Rightmove	+2%	Improved affordability, easing mortgage rates, and a strong choice of available homes.
Office for Budget Responsibility	+2.5%	Growth in line with average nominal

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■ Your home...
on your mortgage.

The Path Ahead

(contd)

Continued from page 1 ➔

Combine all of these elements, and it's no surprise that there's some good news, amongst the constant market movements.

This is why it's **so important to seek advice** - to help make sense of your options, and possibly **lock in a rate now**, if your mortgage deal ends soon.

As it stands, the 'average' fixed rates for a 2-, or 5-year deal currently sit at just under 5%, but better rates that begin with a low '4', or even '3' are on offer. Although the lowest rates generally apply to loans of 60%, or less, against the value of the property.

(Source: [moneyfactscompare.co.uk](https://www.moneyfactscompare.co.uk), February 2026)

Positive developments

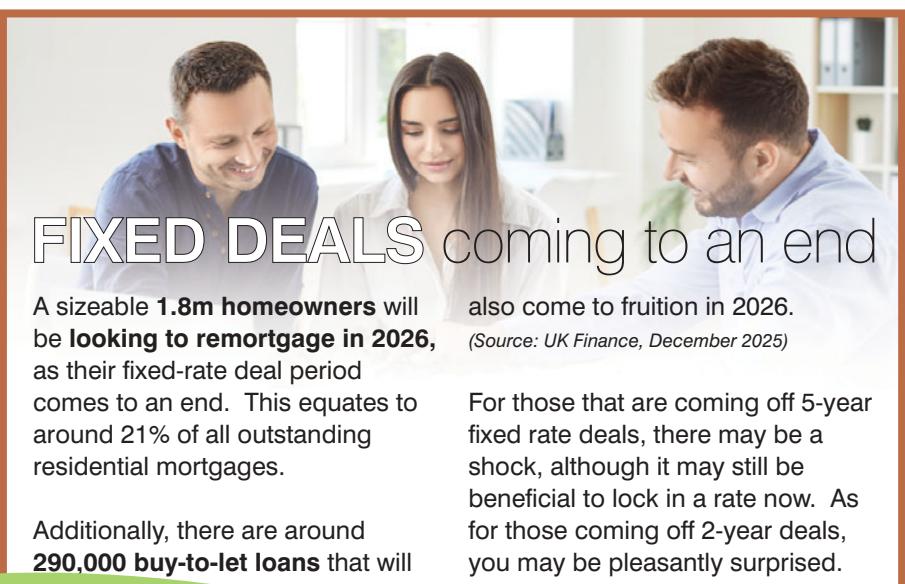
The industry regulator, the Financial Conduct Authority, has introduced a new approach to an environment that is designed to bring about a **relaxation in the affordability rules**. This could mean that borrowers will be able to borrow more (or borrow at all).

Alongside this relaxation, there are also **improved loan-to-income deals**, which may offer up to five, six or seven times income!

Both elements will certainly help those struggling to obtain the mortgage they need, and enable others to borrow more - to secure the home they want, or to improve the one they have.

First-Time Buyers

There are an increasing number of lower deposit deals, which will be of particular interest to those keen to step onto the



FIXED DEALS coming to an end

A sizeable **1.8m homeowners** will be **looking to remortgage in 2026**, as their fixed-rate deal period comes to an end. This equates to around 21% of all outstanding residential mortgages.

Additionally, there are around **290,000 buy-to-let loans** that will also come to fruition in 2026.

(Source: *UK Finance, December 2025*)

For those that are coming off 5-year fixed rate deals, there may be a shock, although it may still be beneficial to lock in a rate now. As for those coming off 2-year deals, you may be pleasantly surprised.

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buyers taking the **average** of **11.5%** and **accounting for over half of all home purchases** made with a mortgage.

(Source: *Halifax, First-Time Buyer report, February 2025*)

More tailored needs

Some mortgage applications may be fairly straightforward, but others can be **more complex** - such as the borrowing needs of the **self-employed**. For this group, and for others, the issues may only become

apparent, once we start talking through the details, and understand what you

are looking for. Complex cases are a

specialty of ours, and our borrowers turn

to us when they have relationships with other lenders, who may

not be able to offer them a loan, if the High Street

lenders are not a viable, or suitable option.

Please get in touch to hear more.

You may have to pay an early repayment charge to your existing lender if you remortgage.

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

...MARKET FACTS...

Base Rate

Remains at

3.75%

December's cut to 3.75% was the 6th reduction in the last 17 months.

(Source: *Bank of England, 5 February 2026*)

Inflation

Annual CPI inflation figure is

3.4%

The Bank of England target figure is 2%.

(Source: *Office for National Statistics, CPI, 21 January 2026*)

Property prices

Average annual UK Property price rose by

1.0%
to £270,873

(Source: *Nationwide, House Price Index, January 2026*)

Mortgages

Average 2-year Fixed Rate

4.85%

Average 5-year Fixed Rate
4.94%

(Source: [moneyfactscompare.co.uk](https://www.moneyfactscompare.co.uk), February 2026)

According to recent research, only 46% of **First-Time Buyers** were successful in securing a mortgage. (Source: Shawbrook, Home-A-loan 2025 report, November 2025)

First-Time Buyer

» However, the same research showed that only around 22% (of the 2,010 surveyed) used a mortgage adviser to apply for a mortgage, which is way below the market-wide 91% who are expected to turn to brokers, such as us, in 2026. (Source: IMLA, June 2025)

Adviser Help

And, amongst those who did use a broker, the levels of satisfaction were overwhelmingly high:

- 97% said that brokers helped them to identify the right lender.
- 97% valued their specialist knowledge.
- 95% credited them with simplifying paperwork and admin.

Outside of this survey, we also understand where your mortgage application may fail - such as **missed payments**, a **volatile income stream**, **spending on the wrong things**, and a **bad credit score** (see checkmyfile.com). From here we can look at how to best tackle these issues, along with meeting the **affordability criteria**.

Affordability & Income Multiples

With regard to affordability, the [Government's latest announcement](https://www.gov.uk/government/news/announcing-new-mortgage-lending-standards) has become **less strict**, as the [Financial Conduct Authority](https://www.gov.uk/government/news/announcing-new-mortgage-lending-standards) is supporting this.

Elsewhere, the [Government's rules](https://www.gov.uk/government/news/announcing-new-mortgage-lending-standards) state that only 4.5 times income is acceptable, but the applicable limit is 5.5 times income, up to £150m - which specifies a maximum of 15% LTV. Within that 15%, there are some exceptions, such as where the loan to income sits at five,



ADVICE

unassisted deposit for the North East of England is £29,918.

(Source: UK Finance, Trends in the Economy and Lending, May 2025)

However, **don't be daunted**, if you feel that saving a sizeable deposit might be a problem for you. An alternative option is to consider deals that require a 5% deposit (or less). With the added benefit that it may get you onto the property ladder sooner.

Talk to us

The whole mortgage application process may come across as being quite complex, time-consuming, and possibly confusing. Additionally, most of you will lead very busy lives, and this process might be seen as an added problem, if handled alone.

That's where we come in. And if this is of interest, then please get in touch to find out more.

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

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Building up, or securing a Deposit

This is often the main stumbling block, and could be viewed as a two-speed market.

The average First-Time Buyer deposit from those that are **unassisted** is **£60,741** (in itself, a sizeable amount). The comparable average deposit for those that have benefited from **assistance** (such as the Bank of Mum & Dad + Grandparents) is **£118,073** - which equates to 37% of the average purchase price, thereby opening up the better deals. Understandably, the deposit required does vary massively throughout the UK. For example, the average

projected to be built in the 5-year period of this Government, aside from the OBR saying that this will largely occur from 2027-28.

■ However, it was stated that the Government will publish a consultation document in early 2026 on the implementation of a simpler ISA product to support First-Time Buyers who want to build up a deposit.

The **Private Rented sector in England** is on the brink of a massive transformation following the introduction, in October, of the **Renters' Rights Act**. This landmark legislation, has marked a significant reform to tenant rights, by rebalancing the relationship between England's **2.3m landlords** and **11m private renters**.

(Source: gov.uk, 27 October 2025)



The Renters' Rights Act

Implementation timetable...

This new law is now on the statute books, and will be introduced in stages, with the first stage applying from 1 May 2026.

The End of 'No-Fault' Evictions

The cornerstone of the new Act is the abolition of Section 21 evictions. This move consigns the so-called 'no-fault' eviction process to history, ending the ability of landlords to uproot tenants with just two months' notice, without needing to state a reason.

For renters, this provides **greater security and stability**, empowering them to challenge poor practice and demand repairs without the fear of immediate homelessness.

In its place, the Act introduces a new framework where all tenancies will be periodic, replacing the Assured Shorthold Tenancy (AST) system.

Landlords will now only be able to regain possession using Section 8 grounds, which have been reformed to ensure legitimate reasons for possession are available for landlords wanting to sell the property or move in themselves.

Crucially, these new grounds include safeguards for tenants, such as a 12-month protected period at the start of a tenancy, assuming certain criteria are met.

Key Developments for Renters

The Act brings in several other protections:

Pets: Tenants will now have the right to request a pet, which a landlord must consider and cannot unreasonably refuse.

Decent Homes Standard: For the first time, this will be applied to the private rented sector, ensuring all rental properties meet a basic minimum quality.

Abolition of Rental Bidding: To stop competitive bidding wars, landlords and agents are now banned from inviting, encouraging, or accepting offers of rent above the initial advertised price.

Discrimination Ban: Landlords and agents are prohibited from imposing blanket bans on renting to prospective tenants who receive benefits, or who have children.

Annual Rent Increases: Rent increases are limited to once per year, with tenants gaining the power to challenge excessive rises at a tribunal.

New Requirements for Landlords

To manage and enforce the new system, the Act establishes a mandatory Private Rented Sector Ombudsman, which all private landlords must join. This service will offer an impartial and binding route for tenants to resolve disputes without going to court. Furthermore, a Private Rented Sector Database will be introduced, requiring all landlords and their properties to be registered.

Possible impact on the Rental marketplace

The unintended downside of delivering greater protections for tenants (along with the property tax reforms that were part of the Budget), is that it could drive more landlords out of the market, reducing availability, and pushing rents higher. This is supported by some recent research amongst landlords, which showed that four out of five felt that the changes would have a negative impact on both landlords and tenants. (Source: Family Building Society, Business Outlook Survey, September 2025)

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In fact, **if a sizeable number of landlords do sell up**, then renters might be left with a new set of considerations. Either they accept the possibility of higher rental costs/less availability (down the line), or consider taking advantage of more properties 'for sale' coming onto the market, which may benefit First-Time Buyers.

Where we might be able to Help

It'll, no doubt, take time for all elements to unfold, but if you need to assess your property borrowing requirements, we are there to assist **landlords**, in identifying the most suitable path forward to meet their needs.

Plus, we're also there for those who may prefer to move away from renting, and try to get onto the **property-owning** ladder.

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

Lots to Ponder...

Landlords have been hit hard over the last few years, from both **Budget** taxes and **Regulatory** changes.

» Whilst landlords may be happy that the floated idea of charging National Insurance on their rental income didn't come to fruition in the Budget, other initiatives did.

One example is that **the rate of income tax from property income will increase by two percentage points from April 2027**.

It's a move that the Office for Budget Responsibility will hit landlords in the pocket and force rents up.

This comes on top of previous initiatives from the Government, such as changes to Mortgage Interest Relief, Stamp Duty charges.

The culmination of all of this, may mean landlords might consider leaving the marketplace, which will fuel the demand for rental properties. Those in numerous ways, and are monitoring (or already involved in) developments such as the **Renters' Rights Act** - coming into force from 1 May 2026 - and future **EPC** regulations.

Also, the continuous tax hits, will probably make more landlords, who own the property in their own name, consider the **Limited Company** route. Additionally, it may also drive some landlords to



consider alternative strategies, to secure higher-yield tenancies, such as student rentals, or Houses in Multiple Occupation (HMOs).

We're here for YOU...

Or route you plan to take, we can be there for you. And, on

You can choose from THREE story choices for page 4: This is option 1

1. Landlord
2. Budget outcomes
3. Homeowner

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that it will be possible to arrange your property, nor that the rental income meet the costs of the mortgage.

your Buy-to-Let property and income from it can go down as well as up. You may also require advice on the legal and tax issues.

The Financial Conduct Authority does not regulate legal and taxation advice, and most Buy-to-Let mortgages.

HM Revenue & Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

You may have to pay an early repayment charge to your existing lender if you remortgage.

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LIMITED COMPANY STATUS

■ A reflection of the adaptability of landlords is the sizeable growth in those opting for Limited Company status, with around 400,000 companies now in play.

(Source: Hamptons report, January 2025)

■ Hamptons estimate that about 70-75% of all new buy-to-let purchases go into a company structure.

■ The higher-rate taxpayers have been particularly motivated by it, as the regulatory rules limit the mortgage finance that you could offset against your individual income. The Limited Company route may help mitigate those tax changes.

■ However, it won't be the most suitable option for all, so do speak to your accountant and solicitor regarding tax issues, and property structures.

And we're there to give an overview, and to assist with sourcing suitable deals.

Budget Outcomes

As for the longer-term implications of **November's Budget**, this was a tax-raising Budget (supposedly targeting those with the broadest shoulders); in order to help meet the increased expenditure needs for **Welfare, the State Pension, and Health.**

» These elements now account for at least 49p of your Tax £, with a further 10p going to fund the interest payments for the **National Debt** (see chart).

Key Budget announcements...

Income Tax & National Insurance (NI)

The thresholds for both have been frozen for a few more years, until April 2031. This is what's called a 'fiscal drag', or 'stealth tax'.

The impact of this is that between 2022-23 and 2026, **additional individuals** will have been brought into paying Income Tax. And **4.8m more** will have moved to the higher rate, with **600,000 more** onto the additional rate.

The consequence of this, is that around £**1.5billion** will have to be raised from income tax in the 2030-31 financial year.

Salary Sacrifice

The amount that people can 'sacrifice' from their salary, plus, avoiding NI on pension contributions - will be capped at £**12,000** a year from 2029. At the moment there is no limit.

Dividend Income

From April 2026, there will be a 2% rise to the ordinary and upper tax rates on dividend income.

Cash ISAs

The amount the under-65s can put into a Cash ISA (Individual Savings Account) will be capped at £12,000 a year, with the rest of the £20,000 annual allowance reserved for investments. It's applicable from April 2027.

High-Value properties

From 2028, homes in England, worth more than £2m, will face a Council Tax surcharge of between £2,500 to £7,500, following a revaluation of bands F, G, and H.

Landlords

The tax on rental income will increase by 2%, from April 2027.

Two-Child Benefit Cap

This will be removed from April 2026, enabling those with three or more children, for whom it's applicable, to also receive universal or child tax credit for these children too, if they were born after 6 April 2017. It's said that this will bring 450,000 children out of poverty.

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How the Taxpayer's £ is spent

Expenditure area	of £1
Social Protection (inc. Welfare & State Pension)	28p
Personal Social Services (largely Local Authority provided support for vulnerable people)	4p
Health	21p
Interest on National Debt	10p
Education	10p
Defence	6p
Transport	5p
Public Order & Safety	4p
Industry, Agriculture & Employment	4p
Housing & Environment	4p
Other	4p
	100p

(Source: HM Treasury, projected 2026-27 expenditure)

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2. Budget outcomes
3. Homeowner

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On fuel duty on petrol and diesel will be 2026. Also, there will be a new mileage vehicles, and plug-in hybrid cars to be

IHT

Plus, the IHT threshold has also been frozen to bring more people into its net.

State Pension

This will go up by 4.8% from April 2026 which is more than the current rate of inflation, due to the 'triple lock' policy.

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HM Revenue & Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

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Hard-Working Families

Your property is likely to be **your biggest asset**, and one where you've probably put in a lot of time, effort and expense to make sure it works well for you. Sadly, the Government also recognises this financial value.

» Of course, it's not all bad, and you may have invested well over the years, and built the financial value of your home. And as we move through this difficult economic period, there are a number of positives, with **mortgage rates reducing**, **house prices continuing to rise**, and **house prices continuing to rise**.

Also, whilst a number of the ideas floated didn't materialise, others did, such as:

Mansion Tax

This is applicable to homes valued over £2m. £2.5m will face an **added cost of £2,500**; up to £5m+, which will be **taxed at £7,500**. And, it'll be in addition to the existing council tax liability. It's thought properties are to be affected. For some, the financial hit may be manageable, but the worrying aspect is that a number of those homeowners may be equity rich, but cash poor. However, it won't come into effect until April 2028, and much may happen before then.

Salary Sacrifice Schemes

If you're in the fortunate position not to need all of your income to cover day-to-day costs, then the Salary Sacrifice Scheme might be something you've utilised. The advantage of this scheme is that **you can pay into your pension without paying National Insurance**. Unfortunately, following the Budget, the Government imposed a £2,000 a year cap, before NI kicks in, albeit not in place until 2029.

Family Protection Cover

It's important to ensure that you have policies in place that will help protect (or replace) your income stream, should you fall ill, face an unexpected serious illness, or possibly die.

If any of these issues occur, then it's quite likely that others (and yourself, if recovering) may be reliant on a lump sum payout, or ongoing income stream, to help meet day-to-day costs, and the mortgage payments.

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

Property & Life Planning

One of the biggest issues about the Budget, was all the uncertainty it caused in the months leading up to it. In fact, lots of decisions may have been put off until the path ahead was known. Now that we're clearer, those plans could encompass:

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- 2. Budget outcomes
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and mortgage needs. We can be there for you, and help you find the best deal that may be on offer out there.

For your growing needs, you may wish to look at yourself, your family and the home they live in.

As always, we also consider other sensible initiatives, such as:

worryingly, over half of all UK adults have not made a will (56%), and those that have, may want (or need) to revisit it.

(Source: Money & Pensions Service, January 2025)

■ **Guardianship Arrangement** - If you have young children and, for example, both parents die at the same time, your children may, initially, be put into care, unless something like a Guardianship document is in place, which sets out your requests.

Do let us know if you'd like to hear more.

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