

# ESSENTIALLY **MORTGAGES**

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Q1 2018 ISSUE 7

**WHY 70% OF BUYERS NOW  
USE A MORTGAGE ADVISER**

**REMORTGAGING GETS A BOOST**

**HOW TO RENOVATE YOUR  
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HOW TO BUY A  
FIRST HOME IN 2018

WHAT THE RISE IN  
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MEAN FOR YOU

GETTING THE MOST  
FROM YOUR INSURANCE  
POLICY THIS WINTER



**CAERUS**  
Financial

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## WHY 70% OF BUYERS NOW USE A MORTGAGE ADVISER

When it comes to getting a mortgage, if you opt to do it yourself you can expect to spend a lot of time trawling websites comparing best buys and traipsing round various different lenders. All this takes time and it can be hard to know if you've made the right choice.

That's why these days over 70% of buyers are choosing to work with a mortgage adviser to help ensure they get the most appropriate deal. Mortgage advisers undergo in-depth training and we know the mortgage market inside out.

We can carry out all the research for you, and know the major lenders well. We may also have access to special mortgage deals only available via intermediaries. We know from experience which lenders are likely to favour lending to people in your circumstances,



and will make sure you include all the relevant information when you make your application.

Mortgage applications made via an adviser can often go through quicker, principally because we know the criteria used by each lender, and are on hand to supply answers to any queries that might be raised. We know what specific information lenders expect to see in order to agree a loan, and will ensure it's included.

**Not just any mortgage**  
We will spend time with you

working out what's the right type of mortgage for you, given your financial situation. We will also provide useful information on things like how much deposit you'll need to get a good mortgage deal, how to choose a conveyancer or solicitor, and the different types of property survey available. So, if you're looking for a mortgage and would like some help, do get in touch.

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

**MORTGAGE APPLICATIONS MADE VIA AN ADVISER CAN OFTEN GO THROUGH QUICKER, PRINCIPALLY BECAUSE WE KNOW THE CRITERIA USED BY EACH LENDER, AND ARE ON HAND TO SUPPLY ANSWERS TO ANY QUERIES THAT MIGHT BE RAISED**

# HOW TO BUY A FIRST HOME IN 2018

With many commentators predicting factors such as Brexit uncertainty will slow property prices in 2018, this could be a good year for first-time buyers. Lenders are offering mortgages to meet the needs of those with lower deposits, as well as package incentives that can represent a good deal for new borrowers. Effective planning is the key. Making sure your finances are in order and getting professional advice from the outset will help you make a success of your property purchase.

## **Provide the evidence that lenders require**

You'll be borrowing a sizeable amount, so lenders will want evidence that you will be a

reliable and responsible borrower. Keeping up to date with credit card payments, mobile phone contracts and other regular payments like your rent will help.

Think about cancelling unused subscriptions or cutting your spend on entertainment, as lenders will look carefully at your outgoings. Check your credit report, as this will be scrutinised too; it's a good idea not to make any new credit applications in the six months before you apply for a mortgage.

## **Do your homework**

Many websites give data regarding the actual sale prices achieved for properties in the area where you are looking to buy. This can be a more reliable guide to values than the prices at which properties are being marketed. This information can help you form a realistic picture of what the property is likely to sell for, meaning you can pitch your offer accordingly.

When you find a property you want to buy, get a professional survey carried out. If

there are defects that need to be put right, the report should tell you what the likely cost of repairs might be. If you're still keen to proceed with your purchase, you can often use the survey findings to negotiate a reduction in the price.

As part of the mortgage approval process, your lender will arrange a mortgage valuation to ensure the value of the property will cover the amount you want to borrow. If it's overvalued, the report will show what it's realistically worth, and this can help you negotiate on the price too.

Don't forget that being a first-time buyer can mean that from the seller's point of view, you are a more attractive proposition than another potentially-interested purchaser who has a property they need to sell before they can proceed. Good Luck!

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## GETTING THE MOST FROM YOUR INSURANCE POLICY THIS WINTER

With winter exerting its icy grip, it makes sense to ensure that you're prepared for the cold dark days ahead and have the right protection for your home. A good policy will cover you for things like flooding, burst pipes and storm damage, common risks at this time of the year.

Remember that things can also go wrong with your boiler and central heating, so you might want to consider a policy that includes home emergency cover, unless you have separate boiler cover.

As burglaries tend to rise in the dark winter months, there are some simple precautions you can take, such as keeping a light on when you're leaving your home unoccupied for a while to make it seem someone's at home, and stowing valuables well out of sight. Closing your curtains at dusk can prevent crooks from eyeing up your possessions.

### **Check out your policy**

If you're not sure what sort of cover your policy provides, you should check your policy schedule now. Make sure you know where your policy is, who it's with and what you are covered for. Keep a note of your insurance company's emergency and claims handling telephone numbers in case of need. Check you know what your policy excess is. This is the first part of your claim which you have to pay yourself. Knowing this will help you decide if it's appropriate to make a claim.

In an emergency, it's important to have your insurance documents close at hand, so make sure they are somewhere safe and dry. If you'd like some advice on the best and most appropriate insurance policy for your home, then do get in touch.



**CHECK YOU KNOW WHAT YOUR POLICY  
EXCESS IS... KNOWING THIS WILL HELP YOU DECIDE  
IF IT'S APPROPRIATE TO MAKE A CLAIM**

# WHAT THE RISE IN INTEREST RATES COULD MEAN FOR YOU

As rates have not risen for the last ten years, there are more than eight million Britons for whom this is a totally new experience in their adult lives. November 2017 marked the end of the longest period in living memory without a Bank of England base rate rise.

The percentage rise – 0.25% to 0.50% – was small, but any rise in rates is likely to give rise to concerns that further increases will follow. However, as Mark Carney, the Governor of the Bank of England has frequently reminded us, any rises in base rate are likely to be small and gradual, with the expectation that they could rise over the next couple of years, eventually reaching around 3%. The move came in an effort to control inflation, which has been outstripping the Bank of England's 2% target for the past few months.

## What this means for borrowers

According to the Bank of England, 43% of homeowners have a variable or tracker rate mortgage deal, so as most lenders confirmed that they would be passing the increase on from December, these borrowers will have seen a small rise in their monthly mortgage repayments. According to the Nationwide Building Society, on the average standard variable rate mortgage of £125,000 the monthly repayments will have increased by £15 to £665.

The 57% of borrowers who are on fixed-rate deals will not be affected until their current mortgage deal ends.

## Savers may not feel so lucky

Whilst Mark Carney said at the time that he expected all providers to increase returns for savers, not all accounts are paying a higher rate.



Loyal savers who have stuck with their high street banks aren't always getting the best deal following the rate increase. Variable rate savers have tended to fare better than fixed rate savers. Some banks have increased their rates, but only a few have passed on the full 0.25%. The better rates are tending to be offered by the smaller players, like challenger banks and new savings account providers, and as long as they are covered by the Financial Services Compensation Scheme your money will be protected. The compensation limit is £85,000 per person, per banking licence.

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



## REMORTGAGING GETS A BOOST

Data from the Council of Mortgage Lenders (now part of UK Finance) shows that remortgaging was at record levels during 2017, with over 41,000 borrowers finding a new mortgage deal in October alone. They believe that the trend is set to continue into 2018.

With interest rates currently low, many borrowers are often content to stick with their existing mortgage deal. However, as the monthly mortgage repayment often represents a family's major outgoing, it's a good idea to review your mortgage on a regular basis, as you could potentially save yourself money by remortgaging.

If you're reluctant to switch your mortgage because of the hassle involved, then why not ask us for help? We know the mortgage market well, and continually research the deals on offer from different lenders. We can recommend the best deal for your circumstances and help you make your application to the right lender. What's more, we'll be on hand throughout the remortgage process to answer any questions and offer any practical guidance you need, saving you time, money and stress.

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# WHY FAMILIES NEED PROTECTION AGAINST LIFE'S UNEXPECTED EVENTS

Life insurance can be the financial buffer that stops a painful bereavement also becoming a financial tragedy. A payout from a policy could help your family keep a roof over their heads and cover the household bills if you were no longer around. But it's just one of the many types of policy that can protect families from life's unexpected and unfortunate events

How would your family manage financially if you were diagnosed with a critical, life-threatening illness? Figures from Macmillan and the British Heart Foundation show around a thousand people a day receive a diagnosis of cancer and nearly two hundred thousand suffer heart attacks every year in the UK.

How would you pay the bills if you were sick or injured and couldn't work? If the unexpected were to happen, how would you and your family manage financially? Coping with a long-term illness or injury can be stressful enough without the added pressure of money worries. Taking out an income protection plan offers peace of mind and security for your family.

According to the Association of British Insurers<sup>1</sup>, in 2017 there were 26.9m individual life insurance, critical illness and income protection policies in force. Insurers paid an average of £9.9m in life assurance, critical illness or income protection claims every day.

## **We can help you get the protection you need**

With hundreds of policies available on the market, the choice can seem confusing. We can help by analysing your needs and assessing the type of policy and the level of cover that's right for you and your family circumstances.

<sup>1</sup>Association of British Insurers, 2017

**A PAYOUT FROM A POLICY COULD HELP YOUR FAMILY KEEP A ROOF OVER THEIR HEADS AND COVER THE HOUSEHOLD BILLS IF YOU WERE NO LONGER AROUND**

## DOES YOUR BUSINESS HAVE THE PROTECTION IT NEEDS?

What would happen if you or a key member of staff were unable to work for a long time? Whilst businesses regularly take out insurance for building, stock and vehicles, they can often overlook the need to insure their most important asset, their workforce.

Key person policies can safeguard a business against the likelihood of financial loss in the event of the death or specified critical illness of the owner, or other individuals who are vital to its continued operation. Having a policy in place could mean that your business would survive and remain trading in difficult circumstances.

With state benefits merely a basic safety net, many businesses take the decision to provide not only life insurance, but other benefits for their employees like income protection policies that pay an income if they're absent due to illness or injury, enabling them to recover free from financial worries.

Business protection covers a variety of policies all designed to protect businesses from a range of risks. If you'd like to know more, get in touch.





## HOW TO RENOVATE YOUR HOME TO ADD VALUE

With a nationwide shortage of family homes coming on to the market, many families are staying put and addressing their need for extra living space by renovating, extending or making other home improvements. Many of these alterations will add value to the property and help boost a home's selling power in the future, however not all will. There's less chance of adding value or recouping your costs if, for example, you opt to add a £25,000 kitchen to a semi that's valued at £170,000.

It's worth remembering that all homes have a ceiling price that's based on factors like location and access to local schools and amenities, so it's vital to make sure you don't end up losing money by doing renovations that don't alter the value of

your home, although they may still be worthwhile if they make your home a more comfortable place to live.

### Going up or extending

A loft extension is a popular way to add space. Research by a major insurer shows that building a loft extension could add around 15% to your home's value, and converting a single garage into a room could add as much as 20%.

A conservatory provides valuable extra living space, but restricts the size of the garden. Unlike an extension, it doesn't require planning permission as long as it doesn't cover more than half the area of the land occupied by the original house (your local council planning department can advise). Having one could add around 7% in value.

Simple sprucing up techniques like replacing light fittings, updating bathroom taps, painting the exterior and tidying the garden can all add to a property's appeal, and make it more saleable when the time comes.

## WINTER HOME CHECKLIST

So far this winter, snow has fallen in many parts of the UK, causing disruption to homes and families. Severe winter weather can strike quickly, so it makes sense to prepare for sudden snow, storms, flooding and other winter emergencies.

Keep your gutters clear, and make sure walkways and paths are free from moss and algae so they don't become a hazard if they freeze. It's worth keeping some de-icing salt handy in case of need. Make sure outside lights are working properly. Check you know where the stopcock is so that you can turn the water off in an emergency.

### Have an emergency plan

Take simple precautions like putting together an emergency kit that contains things you might need such as a torch, spare batteries, spare keys to your home and car, and essential medication. If you have to drive, ensure you take warm clothing, a shovel, a first-aid kit, and some food and drink, in case you get stranded.

Some policies cover emergency repairs and alternative accommodation, so it's wise to check your policy schedule for what's included.





## DEALING WITH FAULTS IN NEW BUILD PROPERTIES

According to a survey conducted last year by YouGov for the housing charity Shelter, just over half of new-home owners have experienced major problems with their properties. Commonly-encountered issues include faulty construction, unfinished fixtures and fittings, and problems involving utilities.

All newly-built homes have to be signed off by the local authority building control inspectors to ensure they meet building regulation standards. Organisations such as the National House Building Council (NHBC) can provide approved inspectors to carry out these checks.

Within the first two years of a new-home purchase, the house builder is responsible for rectifying defects. When its initial two year period has expired, a 10-year warranty issued by the NHBC, or a similar organisation such as The Home Builders Federation, will provide specified cover for the remaining eight years.

### Reporting faults

If you need to report problems, the advice from Which? Magazine is to be persistent and not to let them fob you off. Small problems can add up and be costly, so don't settle for substandard repairs. Be assertive rather than aggressive.

Take the names of anyone you speak to in connection with any problems you encounter, keep notes, and follow up your complaint in writing. Make sure you keep all correspondence about the faults, including pictures where appropriate. If you feel a problem hasn't been properly addressed, then consider getting a second opinion from an industry expert.

If you are unhappy with the way your complaint is dealt with, and you have exhausted your home builder's complaint process, you can ask to be referred to the Consumer Code for Home Builders' Adjudication Scheme. It will cost you £100 (plus VAT) to register your complaint. Under the scheme, you can be awarded up to £15,000, including an award for inconvenience.

## HIGHLIGHTS FROM THE AUTUMN BUDGET

- Stamp duty abolished immediately for first-time buyers purchasing properties worth up to £300,000

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- To help those in expensive areas, the first £300,000 of the cost of a maximum £500,000 purchase will be exempt from stamp duty, with the excess of up to £200,000 incurring 5% duty

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- Not applicable in Scotland unless Scottish government decides to follow suit

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- Pension lifetime allowance to increase in April 2018 to £1,030,000

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- Higher-rate tax threshold to increase to £46,350 from April 2018 (Scotland may differ)

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- ISA limit for 2018/19 to remain at £20,000

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- JISA and CTF allowance will be updated in line with CPI to £4,260 in 2018/19



*It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.*