

Warning over Cheltenham & Gloucester £30,000 mortgage fee

Some borrowers could pay fees of £30,000 with two-year tracker available on loans up to £1m charging 1.99% a year for those with a 40% deposit

The Sunday Times

Published: 28 February 2010

Cheltenham & Gloucester, part of Lloyds Banking Group, has come under fire for launching a mortgage with fees as high as £30,000.

C&G's loan is a two-year tracker charging 1.99% a year for those with a 40% deposit and is available on loans up to £1m — meaning that some borrowers could pay £30,000. On a £200,000 loan, the 3% fee would be £6,000.

Aaron Strutt of Trinity Financial Group, a broker, said: “It beggars belief that they would launch this deal with a maximum loan size of £1m — C&G would be fully expecting to write business on this and it's simply not in the borrower's best interests.”

The fee can be included in the loan, although this would add £18,444 to the interest on a £1m loan over a 25-year term, according to L&C, another broker, and you still have to pay off the £30,000 fee. On a £200,000 mortgage, the fee would add £3,688 to the loan, plus you would have to pay the £6,000 as well.

C&G said: “The 1.99% deal is designed for a specific market — people who will find the lower payments useful in the early years. If customers want nil-fee products, we have those too.”