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## **Lender offers fixed mortgage below 4% for 10 years**

*James Charles* Published: 29 January 2012



Norwich & Peterborough offers the cheapest 10-year fix at 3.99%

Borrowers are being encouraged to lock into a fixed rate for a decade after mortgage lenders introduced a series of competitive new deals last week.

Norwich & Peterborough, (N&P) owned by Yorkshire building society, launched the cheapest ever 10-year fix at 3.99% with a £295 fee for those with a 25% deposit. The deal is available only directly from the lender by phone.

Meanwhile Barclays, the UK's third largest lender, introduced a less attractive 10-year fix with a rate of 4.99% and a £1,499 fee for those with a 30% deposit.

This follows a move by National Counties building society to introduce a unique 10-year remortgage deal for older borrowers who have at least a 75% deposit. Its rate is 4.19%, with a £495 fee.

The deals come after swap rates, the wholesale money markets that dictate the cost of fixes, hit record lows earlier this month, according to SPF Private Clients, the broker.

The 10-year swap rate fell to 2.19% a fortnight ago, from 2.82% in October. Rates have since climbed to 2.4%.

Aaron Strutt of Trinity Financial Group, the broker, said: "Many borrowers have not considered 10-year fixes in the past because there are usually very few options available, but now that two lenders have re-entered the market we should see more following suit.

"The N&P deal is very attractive to borrowers who want the security of fixed payments for a decade."

The 10-year deals can be transferred to a new property if borrowers need to move, but you would have to satisfy lending criteria at the time.

Therefore, brokers said, you should pay attention to the exit fee (early repayment charges) on these fixes, which can be much higher than on standard deals.

The exit fees on the N&P deal are 7% of the mortgage amount for the first three years, falling to 6% for the next two years and to 1% in the final year.

Borrowers can overpay up to 10% of the loan each year without incurring the penalty, up to a £10,000 cap.

If you are looking for a new mortgage deal, you can now access broker-only deals for the first time using a new comparison website from Legal & General.

The insurer, which also acts as a middleman between brokers and lenders, is giving borrowers access to 3,500 broker-only deals, including 320 exclusive rates from the high street and deals from specialist banks such as Handelsbanken and Investec.

Borrowers using the site, at [legalandgeneral.com/mortgages](http://legalandgeneral.com/mortgages), can secure a deal by speaking to one of six brokers linked to the site, including Mortgage Talk.