

## Leeds BS offers five-year mortgage at 3.94%

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Leeds Building Society has today launched the cheapest five-year fixed-rate mortgage currently in the market at 3.94 per cent.

However, the deal is only available to borrowers who also buy buildings and contents insurance from the building society.

The deal is available at up to 60 per cent loan-to-value and comes with a £999 fee. The rate rises to 4.18 per cent if no insurance is taken with the loan.

HSBC is still offering its best buy five-year fixed-rate at [3.95 per cent](#), available up to 60 per cent loan-to-value and with a lower fee of £599.

For those with a smaller deposit, Yorkshire Building Society is offering a rate of 4.19 per cent available up to 75 per cent loan-to-value. It has a £495 fee.

“The HSBC has a lower fee and no compulsory insurance,” said Aaron Strutt of Trinity Financial Group, the mortgage broker. “The Leeds are one of the few lenders that still insist on borrowers taking their insurance to access the lower rates.”

The cost of fixed-rate mortgages has been reducing since the beginning of the year as swap rates - which indicate expectations of future interest rate rises - have fallen. Last week, research showed that banks and building societies are only passing on a fraction of the reduced funding cost to borrowers, with fixed-rate mortgage margins reaching a high of [more than 20 years](#).