

Skipton to withdraw 95% LTV mortgage



Skipton Building Society Skipton Building Society

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Skipton Building Society is withdrawing its 95 per cent loan to value (LTV) mortgage aimed at first-time buyers.

The building society only launched the two-year fixed rate deal, which allows you to buy with a 5 per cent deposit and has a rate of 6.99 per cent, in May.

It said it will be withdrawing the product later this week, as it does not want to take on too much business at this high LTV ratio and has already reached its target for the product.

Currently there are very few lenders that have products available at 95 per cent, making it very difficult for buyers with a small deposit to get on the property ladder.

Cheltenham & Gloucester, part of Lloyds Banking Group, and National Counties Building Society both have 95 per cent LTV products but they require the borrower's parents or someone else they know to act as a guarantor for the loan in order to provide the lender with additional security.

Yorkshire Bank and Nottingham Building Society are among the few lenders that have mortgages up to 95 per cent LTV without a guarantor requirement.

Aaron Strutt, a mortgage broker at Trinity Financial Group, said: "Lenders have not been keen to offer 95 per cent mortgages to new borrowers or even first-time buyers.

“To access an affordable rate you will need 10 per cent deposit. It is a shame we are not seeing more 95 per cent mortgage products launched instead of seeing them withdrawn.”

David Hollingworth, of London & Country Mortgages, the broker, said: “At the moment the problem for any lender that enters such a sparsely populated market sector as 95 per cent LTV is that they will quickly attract a glut of business.

“Lenders will clearly have to manage their service and exposure to that type of lending and so until we see more lenders enter the fray, the more forward-thinking such as Skipton may be forced to dip in and out of the market.”

Skipton said it may look to re-enter the 95 per cent LTV market next year.