

# Borrowers to be tempted by Barclays' escape plan

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Andrew Parsons/PA



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Barclays has made an aggressive move to capture a bigger slice of the mortgage market with an eye-catching new deal aimed at poaching customers enjoying low rates with their existing lender.

The new offer through Barclays' mortgage business Woolwich, dubbed "The Great Escape", is targeting the 700,000 borrowers thought to be sitting on their lenders' standard variable rates — the rate borrowers revert to at the end of a fixed or discounted rate mortgage deal.

Barclays, which was the fifth-biggest mortgage lender in 2009 with a 10 per cent share of the market, claims it has captured the largest share of new mortgage lending this year.

SVRs are often pegged to the base rate, which currently is at a record low of 0.5 per cent, meaning that many borrowers who have come to the end of their deal are choosing to pay this low rate rather than choose another fixed-term deal. Recent figures from the Council of Mortgage Lenders showed that remortgaging now accounted for only a quarter of the mortgage market, the smallest proportion on record.

Woolwich is offering a lifetime tracker deal at 2.18 per cent over the Bank of England base rate, meaning a current rate of 2.68 per cent at a maximum loan-to-value ratio of 70 per cent. The deal has no application fee, free legal work and valuation and £300 cashback to cover the cost of a borrower's exit fee for leaving their present lender.

Borrowers taking up the deal will also be able to switch to a fixed-rate deal whenever they choose, without penalty.

Moneyfacts.co.uk, the financial website, says Nottingham Building Society has the highest SVR at 5.99 per cent, while the average SVR across the market is 4.76 per cent. This means a typical borrower with a £150,000 repayment mortgage on the average SVR could save about £1,945 per year by taking up the Woolwich offer.

Mortgage brokers say the Woolwich offer is a good deal for many borrowers, although HSBC is also offering a very cheap lifetime tracker at 2.49 per cent with a fee of £199 to borrowers with a 30 per cent deposit.

Aaron Strutt, of the mortgage brokers Trinity Financial Group, said: "The Woolwich rate is very good. There are slightly cheaper remortgage deals up to 60 per cent LTV, but for borrowers at 70 per cent LTV it is worth a look."