

Lenders target remortgage borrowers

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High-street banks are increasingly offering more attractive deals to borrowers looking to [remortgage](#), with Spanish banking giant [Santander](#) the latest lender to target this part of the mortgage market.

The lender has launched a two-year tracker at 2.09 per cent - bank base rate plus 1.59 per cent - available up to 60 per cent loan-to-value, with a £995 fee. The deal also comes with either a free basic mortgage valuation or £250 cashback on completion.

However, the rate is only available to the bank's current account customers and is also not available to its existing mortgage customers.

Current account customers must have had the current account with Santander for three months or more and have placed £1000 into account each month. Borrowers used to have to hold the current account for six months or more before they could access Santander's loyalty mortgage range, said Phil Cliff, director of mortgages at Santander.

Aaron Strutt of Trinity Financial Group, the mortgage broker, said Santander's deal was attractive for existing current account customers but highlighted there are more competitive rates available on the market.

[Royal Bank of Scotland](#) is still offering its two-year tracker rate at 1.99 per cent - bank base rate plus 1.49 per cent - available up to 60 per cent loan-to-value.

"It's available for purchase and remortgage business and they pay for the property valuation and legal fees if you are remortgaging," Strutt said.

Last month, [Barclays](#) launched a new lifetime tracker with a pay rate of 2.68 per cent, available up to 70 per cent loan-to-value, in a bid to expand its share of the mortgage market by tempting borrowers off their lenders' SVR.

The number of homeowners remortgaging has plummeted over the past year, with most borrowers opting – or being forced – to stay on their lenders' SVRs, which are often lower than new refinancing deals available in the mortgage market. But mortgage brokers have reported an increase in the number of remortgage activity in the market as rates start to become more attractive.