Halifax hikes its home loans

Daily Mail (London, England), The, Dec 1, 2010

Britain's biggest mortgage lender is making loans more expensive for new customers.

Halifax will remove the cap on its standard variable rate (sVr) next month, which means there will be no limit on how much it can charge customers joining the bank after the beginning of January when their mortgage deal ends.

But existing customers will still benefit from the current sVr, which is capped at 3percentage points above the Bank of England base rate.

Assuming the base rate remains unchanged, all new customers taking a mortgage from January 4 will pay 3.99pc when their deal ends, while existing customers would pay 3.5 pc. this would mean an extra [pounds sterling]40 per month on a [pounds sterling]150,000 mortgage.

Aaron Strutt, of broker trinity Financial, says: 'Halifax is following the lead of the nationwide and Skipton Building society. 'new customers will find this rate increase annoying, especially at a time when the Bank of England base rate is so low.' nationwide raised its sVr from 2.5pc for existing customers to 3.99pc for new ones, while Skipton Bs controversially increased its sVr from 3.5pc to 4.95pc for existing customers.

Mr Strutt says the new Halifax Homeowner Variable rate, as it will be known, is in line with other large lenders and still below the average sVr of 4.75 pc. no one will revert to the new rate before January 2013.

A Halifax spokesman says the move 'reflects the ongoing higher cost of funding.'
'l.thompson@dailymail.co.uk