

# A flurry of activity on the product front

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Rate hikes from Yorkshire Building Society and First Direct has meant lenders like Abbey and Northern Rock are offering some of the most competitive rates in the market and brokers can access many of them.

First Direct had the lowest two and five-year fixes for a while but it has increased its rates by about 0.4% so is no longer as competitive. Yorkshire also decided it couldn't hold on to its lowest rates and hiked them 0.3%.

Despite the Council of Mortgage Lenders saying rates are rising - fuelled by lenders' increased funding costs prompted by the market's expecting a base rate rise - Coventry Building Society and Abbey have made some reductions.

The industry's herd mentality means that when one lender makes a change others are likely to follow but many are still worried about being singled out as offering the best products.

There are still some particularly costly mortgages around and it would be nice to see Halifax and Cheltenham & Gloucester offering more competitive deals.

The Royal Bank of Scotland has lowered some of its 90% LTV loans and now offers a two-year fix at 5.99% with a £999 fee.

So we are slowly starting to see improvements in mortgages. I can't believe First Direct will last long offering mortgages that aren't market-leading.

The threat of a base rate rise seems to have livened things up and I suspect we will see a lot more rate changes soon.