

# Dramatic drop in mortgage rates

By Lucy Tobin

## To fix or not to fix?

New mortgage deals include Santander's 1.99 per cent two-year tracker, available up to 70 per cent loan-to-value, and Nationwide's five-year fix at 3.89 per cent - a recent price cut.

Those wanting to take a risk with the tracker have to be quick to sign up as it has limited availability. For borrowers looking for a shorter fix, Santander's two-year fix at 2.89 per cent provides a free property valuation and £250 cash-back on a purchase.

"Borrowers need to assess how comfortable they are with a fluctuation in payments," says David Hollingworth, of broker London & Country Mortgages. "For those who are able to absorb higher monthly payments, trackers do still look cheaper, but fixed rates are getting increasingly competitive, so some will decide security is worth paying for. Lenders are trading blows, strongly competing for the best buy position."

Mortgage availability is also easing, according to Aaron Strutt at broker Trinity Financial Group. "On average, short term rates have been reduced by 0.2 per cent and we are seeing best-buy mortgages being made more accessible," he says.

"If you have a 30 per cent deposit you are likely to qualify for a market leading deal. Most lenders are shifting away from asking for such huge deposits, and two-year fixes are available below four per cent if you have a 15 per cent deposit."

The past few weeks have seen rate reductions from nearly every provider. Woolwich reduced its lowest fixed-rate by 0.2 per cent. Its two-year fix at 2.68 per cent has a maximum loan-to-value of 70 per cent and a £1,999 fee. Payment holidays and overpayments are also available.

Elsewhere, Accord Mortgages cut rates by up to 0.45 per cent and Leeds Building Society by 0.36 per cent. The message is clear: with rising competition, shopping around for the best mortgage deal has never been more valuable.