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## Summer lift in mortgage lending says CML



Mortgages have been rationed by some lenders since the financial crisis

**UK mortgage lending rose by 6% in August compared with July, although seasonal factors were key to the rise, lenders have said.**

Gross mortgage lending stood at £13.4bn in August, a 10% increase compared with the same month a year ago, the Council of Mortgage Lenders (CML) said.

This was the highest monthly total since July 2009, the CML added.

It said fluctuations in recent months reflected seasonal factors and the picture overall was broadly stable.

### 'Activity'

July had seen a drop of 6% in mortgage lending compared with a year earlier, so Bob Pannell, CML chief economist, said that the rise in August offset this "weaker than expected" July figure.

"Taking July and August together, lending has shown little change on the same months of 2009 and 2010," he said.

"Once seasonal factors are stripped away, the underlying position for the housing and mortgage markets is broadly stable, but with subdued levels of activity and downside vulnerability to bad economic news."

Lenders have been relatively careful about the people they lend to since the financial crisis, but fears over the economic climate and fears for jobs have also led to a wait-and-see approach from many potential house buyers.

### 'Innovation'

The rebound in lending in August was greeted with cautious optimism by those in the industry.

**"We have seen rates increase quickly in the past and they will not stay this low for ever"**

Aaron Strutt - Trinity Financial Group

"To call this a bounce would be flattering to say the least," said Brian Murphy, head of lending at the Mortgage Advice Bureau.

He added that more mortgages were being taken out as a result of low rates.

Aaron Strutt, of the Trinity Financial Group, said that it was difficult to see fixed-rate and tracker mortgages getting any cheaper.

"Banks and building societies are trying to increase demand for their services and mortgages continue to get slightly lower every few days - but we have seen rates increase quickly in the past and they will not stay this low for ever," he said.

However, at present, he said the market had also seen some "much-needed innovation".

This included fixed-rate deals of greater length, such as five or even 10 years.

"If you have moved home for the last time or you want financial stability, long-term fixes are cheap and offer great value for money. In a few years' time, some borrowers may wish that they had snapped one up," he said.

"But, if you want to move home, tightening lending criteria could cause you problems later down the line. Porting your mortgage may not be a simple task, but you are likely to be asked to prove your income again.

"If you are unfortunate enough to lose your job in future or for your business to suffer a downturn, you could well be stuck in your property.

"The penalties for repaying a mortgage early can also be rather high - as much as 7%."