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Is now the right time to remortgage?

Factors to help you decide why remortgaging matters in 2025

If you're a homeowner approaching the end of a fixed-rate deal or currently on a variable rate, you might be wondering whether to remortgage now or wait. It's a timely question in 2025's economic landscape.

Remortgaging can help you secure a better interest rate or unlock equity, but selecting the right time to switch is vital. With mortgage rates fluctuating, timing your decision carefully could lead to significant savings. In this article, we discuss what to consider and how to proceed with clarity and confidence.

Consider your current deal and timing

The first question is how close you are to the end of your current mortgage agreement. If your term finishes within the next six months, now is the time to start your remortgaging process. Many lenders allow you to secure a new deal in advance, giving you the opportunity to lock in a rate while maintaining flexibility to change if a better offer appears before completion.

Delaying your remortgage could cause you to revert to your lender's standard variable rate (SVR), which is often much higher than fixed-rate deals. While some homeowners hope for more base rate cuts before acting, the future remains uncertain. In 2025, the Bank of England has begun lowering rates, currently at 4.25% as of 08 May 25, and any further decreases are expected to be gradual.

By taking action early, you could protect yourself against potential rate rises and retain the freedom to switch products if the market shifts in your favour.

Fixed vs tracker: Which option suits your situation?

A crucial decision when remortgaging is whether to choose a fixed-rate or variable (tracker) mortgage. Fixed-rate deals offer payment certainty, which helps with budgeting. Tracker mortgages, on the other hand, fluctuate in line with the Bank of England base rate. If the base rate falls, your monthly payments will also decrease. For example, a 0.25% drop could save around £29 a month on a £200,000 loan. However, if rates rise again, your payments will increase accordingly.

In today's climate, some homeowners opt for a short-term fix or a flexible tracker with no early repayment charges. This allows them to switch later if rates decrease. If predictability is your priority, a fixed rate may provide more peace of mind. But if you're comfortable with some short-term fluctuations, a tracker could offer useful savings.

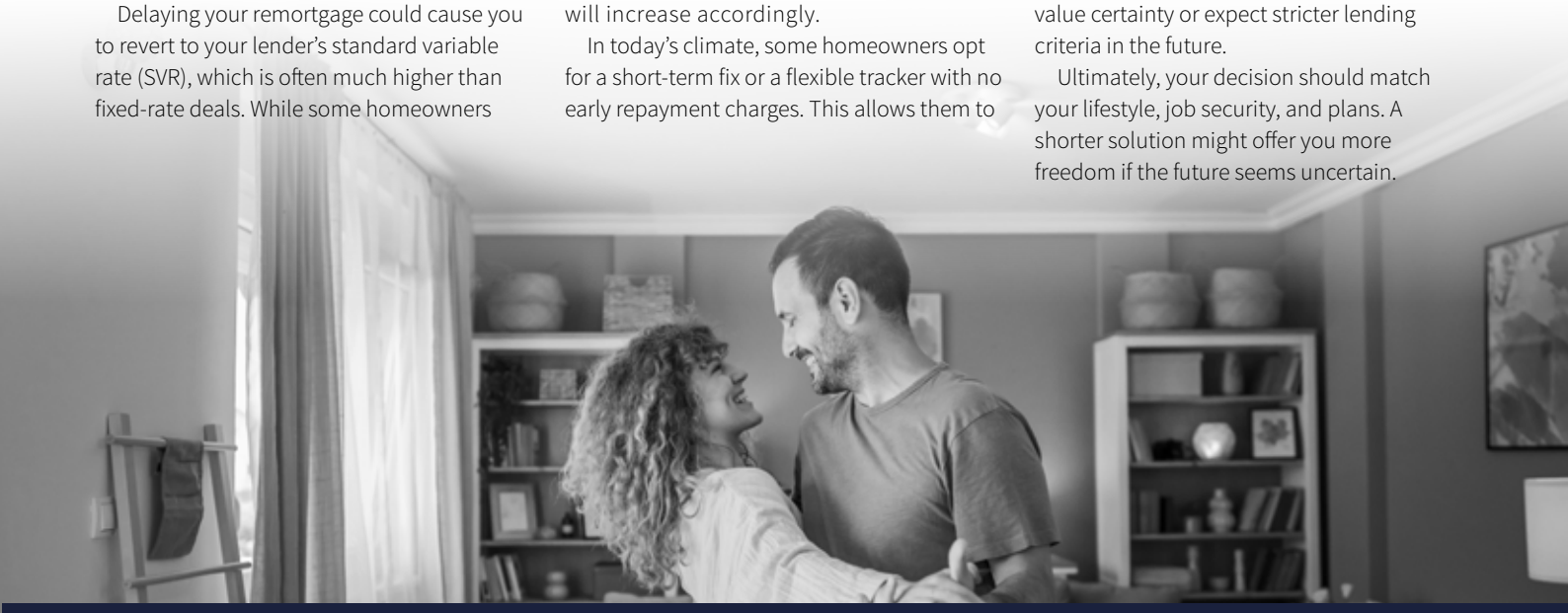
Picking the right fixed term length

If you decide to fix your rate, the next question is for how long. A five-year fix provides medium-term stability and is suitable for those planning to stay put. It shields you from potential rate hikes and may lessen how often you need to pay arrangement fees.

Short-term fixes, like two or three years, can provide more flexibility. They may appeal to you if you believe rates could decrease or your personal circumstances might change soon.

Ten-year fixes offer long-term security but require a larger commitment. It's important verify if the deal is portable in case you decide to move. Longer fixes may suit those who value certainty or expect stricter lending criteria in the future.

Ultimately, your decision should match your lifestyle, job security, and plans. A shorter solution might offer you more freedom if the future seems uncertain.



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Why remortgage? It's not just about rates

Although many people remortgage to secure a better interest rate, that is not the only reason. If your home has increased in value, remortgaging can release equity, which can be useful for funding renovations or major life changes. Some borrowers may also use remortgaging to consolidate debts. By using home equity to repay loans or credit cards, monthly expenses can be reduced. However, be cautious, as this spreads short-term debt over a longer period, increasing the total repayment.

Other reasons for changing your mortgage include switching from interest-only to repayment, shortening your mortgage term, or changing the person named on the mortgage. You might also want a product that allows overpayments, which can help you pay off your mortgage more quickly. Before making a change, check if your current mortgage has early repayment charges (ERCs). These can range from 1% to 5% of your balance, depending on where you are in your term. Sometimes, paying the fee is worth it, but it's important to do the maths.

Get your finances ready to apply

A successful remortgage application begins with thorough preparation. Lenders will reassess your finances as if you were applying for a mortgage for the first time. Start by checking your credit report and correcting any errors. Avoid taking on new credit, maintain your bank account in good order, and ensure bills are paid punctually.

Employed applicants usually need recent payslips and bank statements. If you are self-employed, you should provide at least two years of accounts and tax returns. Lenders look for steady income and responsible money management. It also helps to have details of your current mortgage ready, including the remaining balance, interest rate, and any exit fees. Staying organised gives you the best chance of securing a competitive new deal without delays.

Confidence comes from preparation

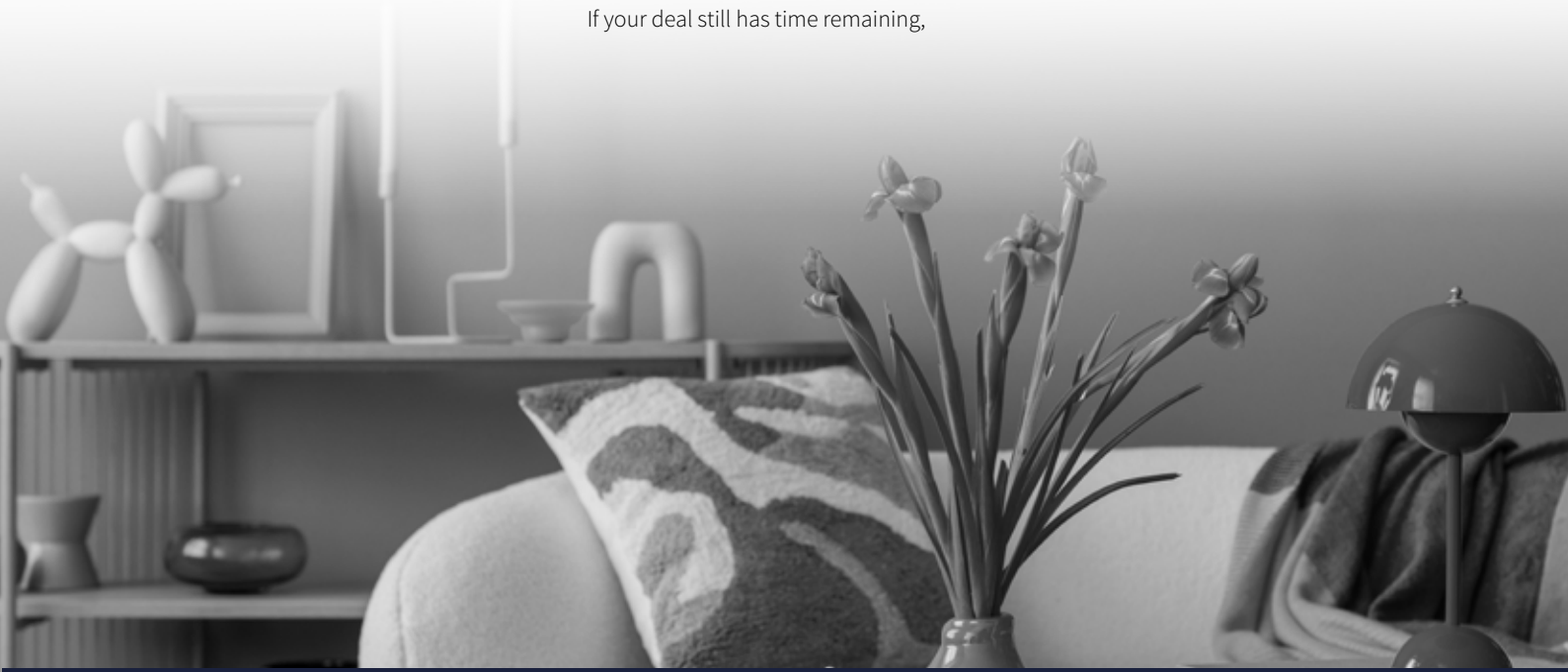
So, is now the right time to remortgage? If your current deal is ending soon, the answer is often yes. Acting early can protect you from rate rises and enable you to secure a deal before the SVR kicks in.

If your deal still has time remaining, it's worth weighing the cost of exiting early against the potential savings from a better rate. While predicting interest rate movements is challenging, being proactive allows you to respond swiftly when the opportunity presents itself. ■

Are you ready to remortgage with confidence?

As financial decisions become increasingly complex, understanding your options brings clarity. With expert guidance and proper preparation, remortgaging can offer tangible benefits, from lower costs to greater flexibility. Deciding whether to refinance may seem daunting, but you are not alone.

We'll help you compare your options, assess potential savings, and guide you towards a deal that fits your goals.



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