

Remortgages

Where you have purchased a property with a mortgage it is possible to switch this loan to a new one. This is done by taking out a new loan (with a new lender) that repays the old one. The reasons for this might be to secure a new rate of interest, or to increase your loan for home improvements, or to raise some additional capital for other purposes.

This process, switching your loans to a new lender, is called a **remortgage**. You will need a legal representative, known as a conveyancer, to arrange a new legal charge and to repay the old mortgage (and remove the old charge). The conveyancer will undertake checks on the property, the local area and the title deeds on behalf of the new lender, but there is a fee involved which may be payable by you.

The new lender will require an up-to-date valuation of your property to ensure it meets their requirements for the loan you have applied for.

When you remortgage to a new lender (called remortgaging) you will be offered a new interest rate and there may be a fee payable to the lender for the product and to arrange a valuation. Some lenders offer fee-free products; some may also offer to pay the costs of the conveyancer and the property valuation as part of their product.

There will likely be a range of possible products to suit your needs with each lender. Your mortgage adviser will explain the features, benefits, and risks of each and make a recommendation to you for a product they believe meets your specific needs. They will look at the initial interest rate and the overall cost of the mortgage and explain everything to you when they make a recommendation.

If you are not increasing your loan but are at the end of your existing mortgage deal it will often be possible to arrange a new product with your current lender, without having to instruct a conveyancer or have a new valuation. This is called a **Product Transfer**. Your mortgage adviser will have considered this option for you, but you have been advised or have decided to remortgage instead.

The process of remortgaging, to switch the loan to a new lender, can take around two to three months in most cases, sometime a little longer where there are complications with the property or when the market is really busy.

Your current lender may charge you exit fees when you repay your current mortgage, which may include an early repayment charge. If you are repaying early these charges can be expensive, and it is often advisable to wait until the end of the early repayment charge period before switching to your new mortgage. Your mortgage adviser will consider and in almost all situations you will be advised to wait until the end of the penalty period.

The timing of your application is important, particularly when interest rates are likely to increase. Securing a new product early can be beneficial so it is generally a good idea to speak to an adviser around 6 months ahead of your current early repayment charge period ending.