Tracker rate mortgages

With your **Tracker Rate** mortgage, the interest rate you pay will be directly linked to the Bank of England Base Rate throughout the initial product term. Tracker rate mortgage payments will increase or decrease if rates go up or down.

This means that you will not have the certainty of knowing what you will pay each month. You may initially be paying less than if you had fixed your interest rate, but the downside is that if interest rates rise, you may be paying more than you would have done, had you fixed your rate.

When the product term ends, the tracker link will be removed, and the mortgage will move onto the lender's standard variable rate (SVR).

The SVR you move on to, at the end of the product term, will be higher than your tracker rate, which could lead to a significant increase in your monthly repayments, so you need to plan for this.

You may (at that time) be able to arrange another tracker rate or other type of mortgage. This can be done as a product transfer with your lender or remortgage to a different one. You should speak to your adviser firm, around 6 months before the end of the product period to look at the options for you.

If you wish to repay the mortgage before the end of the product period, there will usually be an early repayment charge to consider. This can be a considerable fee to pay.

If you move house your discount rate may be 'portable', which means it might be possible to move it to a new property. If this is important to you, please ensure your recommended mortgage has a portability option included.

Moving is still treated as a new mortgage application so you will need to meet the lender's affordability checks and other criteria to be approved for the mortgage.