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Skipton unveils 95% LTV low-fee mortgage deals

Story by: Nicola Culley

Skipton Building Society is offering borrowers a new range of low-fee mortgages with 95 per cent loan-to-value.

There is a selection of two, three and five-year fixed rates with no completion fee, plus options of free valuation and legal fees for remortgage customers.

There are three two-year fixed rates at 6.49 per cent, 4.19 per cent and 3.69 per cent with LTVs of 95 per cent, 75 per cent and 60 per cent respectively.

Heather Sonnet, chartered financial planner for Norfolk-based IFA Almary Green Investments Ltd, said: "Skipton has never been an outrageously adventurous lender and it works on a reasonably conservative affordability calculator. To come back with a 95 per cent product demonstrates its willingness to take another punt with the housing market.

"Skipton has priced in the risk to this type of lending at 6.49 per cent. The 95 per cent product is only fixed for two years and after that time the customer would revert on to the lender's variable rate which could possibly be less than 6.49 per cent at that time."

The new range will be available through all channels except the 95 per cent LTV two-year fixed deal which will only be available through the society's national branch network and the Skipton Direct telephone service.

The three new products each have an application fee of £195. The early repayment charge is 3 per cent of capital repaid, plus interest to the end of the month.

Ms Sonnet said it was encouraging to see that the products have an application fee of £195 and do not carry a completion fee.

She added: "This is a more transparent way of charging and does not increase the overall loan size. The remortgage products also include free legals and free valuations so overall they represent value for money."

There are also two three-year fixed rates - 4.59 per cent and 60 per cent LTV and at 4.79 per cent with 75 per cent LTV.

They also have a £195 application fee and early repayment charges of 5 per cent, 4 per cent and 3 per cent of capital repaid, in year one, two and three respectively, plus interest to the end of the month.

Skipton is also offering a five-year fixed rate with no completion fees and a £195 application fee at 5.29 per cent with 75 per cent LTV.

Early repayment charges are 5 per cent, 4 per cent, 3 per cent, 2 per cent and 1 per cent of capital repaid in years five, four, three, two and one of the mortgage

term, with the addition of interest until the end of the month.

According to Ms Sonnet the 75 per cent and 60 per cent LTV products were a little higher compared to what else is available but having considered the overall cost including fees they were not hugely more expensive.

She said: "Skipton will do well with these products. It is a shame they are on limited offer but it is understandable why a building society would want to control distribution at this time. I welcome Skipton back to the market."