

# Mortgage & Protection news

The bulletin from Amiable Financial Services

Are you ready to take  
action in 2013?

Improved Fixed  
Rates on offer!  
(Source: Moneyfacts, February 2013)

» Perhaps, for the first time since 2007, when the current economic problems began, there may be some cause for optimism with regard to the mortgage lending marketplace.

And with the developments below, now may be the time to get on the starting blocks to assess your plans for 2013 (and beyond).

## Funding for Lending scheme

This is a Bank of England and HM Treasury initiative and is designed to increase lending to both individuals and businesses, by incentivising the lenders with lower borrowing rates. The rates offered are influenced by the amount they then lend on.

At least 35 lenders have already signed up and the view of the Bank is that we should see *'more and cheaper credit flowing into the economy than otherwise'*, with the benefits starting to properly filter through to borrowers across the early part of 2013.

(Source: Bank of England, Q4 2012 Bulletin)

## A continued price war?

Across the latter part of 2012 and into 2013 we have had a mini price war amongst lenders, with average fixed rates at some of the lowest levels since records began.\* Again, industry commentators (including some amongst the lenders themselves) believe that this will continue.

(\*Source: Moneyfacts, February 2013)



## Opening up availability

Many of the most competitive products at the back end of 2012 were targeted at those who could provide a large deposit, where the loan-to-value was 60% or less. Of course, this didn't help a sizeable number of potential borrowers who were unable to meet that criteria (including many first-time buyers). Again, there is a feeling that the deals in 2013 may also start accounting for those with a smaller deposit.

## Mortgage prisoners

According to the Financial Services Authority (FSA), up to 45% of borrowers who have taken out a mortgage since 2005

could be viewed as mortgage prisoners, where this group may be unable to remortgage onto a better deal due to a number of reasons. This could be, for example, the tighter lending criteria, their personal circumstances changing, or facing a less favourable loan-to-value on their existing home. (Source: FSA, MMR Data Pack, October 2012)

The FSA have recently said that lenders should not unfairly penalise mortgage prisoners and make exceptions to the responsible lending rules for customers who need to remortgage, providing there is no increase in the outstanding amount to be repaid (and it makes sense for the borrower).

→ (contd on back page)

## Amiable Financial Services

35 Collier Way  
Southend-on-Sea, Essex SS1 2AF

Tel: 0783 2352407

Email: [akin.arikawe@amiablefs.com](mailto:akin.arikawe@amiablefs.com)

Web: [www.amiablefs.com](http://www.amiablefs.com)

**Welcome....** to this newsletter, which covers what we believe are some of the key issues of the moment that affect mortgage, protection and insurance products - and sets out how we **may help you**.

■ Amiable Financial Services is a trading name of Akinniyi Arikawe, who is authorised and regulated by the Financial Services Authority.

■ **Your home may be repossessed if you do not keep up repayments on your mortgage.**



# ...and RELAX!

**Sourcing information is one thing, making that knowledge apply to your own specific needs is quite another...**

» With the massive growth of the internet, there are many places where you can find the information you require about your health, car, home, holiday, or even financial needs.

Along the way, some may also decide to handle the whole process themselves. But nothing is ever totally straightforward and when the questions mount up, the problems may begin. And before they know it, it's started to take up much more of their time than expected.

## Take advice

That's why people continue to seek the professional input of doctors, lawyers and tradespeople, and the same can be applicable to your borrowing, protection and insurance needs.

Take mortgages, for example. You may know how much you'd like to borrow and believe you can afford the likely monthly payments, but unfortunately lenders continue to be picky.

Interestingly, some recent research has shown that around 29% of UK adults, who have had an unsuccessful mortgage application after initially approaching a bank direct, have then been successful when they turned to the broker community.

*(Source: YouGov/Countrywide survey, November 2012)*

## Our market knowledge

Of course, we don't have a magic wand, but as we operate in this sector day-in, day-out, we know of the key issues, and where to look. Additionally, the marketplace has changed markedly over the

last five years or so. For example, interest-only loans are less prevalent, if available at all, and the loan-to-value ratios may not be quite what you enjoyed last time round.

## Time saving for you

Once we establish your requirements, we can see what's on offer and help guide you through the process by liaising with the various parties involved. Hopefully, this will greatly reduce the amount of time you may need to devote to your application.

We would also have a better steer on where you may secure an offer, so can limit the number of lenders that need to be approached. For example, each time you apply for credit, this may be recorded on the files held by the credit reference agencies. This could result in a downgraded rating - which may ultimately make the cost of borrowing higher for you.

## Not just mortgages...

As you may be aware, we can also cover a number of financial products beyond mortgages and could discuss those wider requirements with you too. So, if you are looking for a specific product or simply wish to have a spring clean of your current arrangements, do get in touch.

**■ Your home may be repossessed if you do not keep up repayments on your mortgage.**

## BUY-to-LET growth

The last year or so has again been a good one for the buy-to-let sector, with most existing landlords expecting the trend to continue in 2013.

Not only have the problems faced by first-time buyers helped to fuel demand, but there also continues to be a lack of available housing. For example, the Joseph Rowntree Foundation set out that 750,000 new homes are required by 2015 to meet demand; a figure that they feel will be missed by a long way. *(Source: Sept. 2012 press release)*

### More Landlords

So it's not surprising that 41% of existing landlords believe tenant demand will rise in 2013, with just 6% feeling that it will go the other way\*, which is good news for the new landlords that are likely to be entering this sector. *(Source: \*Paragon, Q4 2012 survey)*

### How we can help

If you need to raise funds for your buy-to-let purchase(s), then do talk to us. Additionally, we can assist with your insurance requirements too. This area can be quite complicated as some policies may be fairly selective about the type of tenant it covers, or have different terms when the property is vacant. Furthermore, there are more specialised policies such as 'rent guarantee insurance', which could be combined with legal expenses cover, should there be a dispute with a tenant.



**Do get in touch to find out more.**

**There is no guarantee that it will be possible to arrange continuous letting of the property, nor that the rental income will be sufficient to meet the costs of the mortgage.**

**The value of your Buy-to-Let property and income from it can go down as well as up.**

**You may also require advice on the legal and tax issues.**

**The Financial Services Authority does not regulate legal and taxation advice, and most Buy-to-Let mortgages.**

**As with all insurance policies, terms, conditions and exclusions will apply.**

**■ Your property may be repossessed if you do not keep up repayments on your mortgage.**



Would you be able to manage financially if you were off work for a period of time, due to illness or accidental injury - or even redundancy?

» One way of protecting yourself is to take out an **Income Protection** policy. This product is designed to pay out a tax-free monthly sum in the event that you are unable to work due to illness or accidental injury, or (if you have the additional cover) become unemployed. It usually pays out until you return to work, or retire (or in the case of the unemployment bolt-on, it's generally up to 12 months).

You decide how much cover you require

(up to a maximum amount) in order to continue paying your bills, and do factor into any planning what you may initially receive from your employer, along with any limited support from the State. This may then dictate when you'd like the cover to kick-in (the deferred period), which will have an impact on the premium charged.

### It's not suitable for all

Be warned, if you know or suspect that you

are going to be made redundant (and take out this cover as a bolt-on), this would then invalidate any claims you subsequently make. The same may also apply to any pre-existing medical conditions or illnesses.

And you may also face problems in taking out this policy if you are self-employed, a temporary or contract worker, have been with your current employer less than six months, or are over 65.

As it's a complex product, it's essential that you take advice.

**As with all insurance policies, terms, conditions and exclusions will apply.**

# Protection Spring Clean

Do you have adequate protection cover?

» In the same way that you'll insure your home, car, pet and mobile, make sure you've applied the same principles to you and your immediate family and perhaps have a chat with us to find out more. We would consider existing policies, assess any cover you may have from your employer, as well as what the State may (or may not) provide, and then go on from there.

There are numerous protection products out there to help provide cover should you lose your job, suffer an accident, or have a long-term or life-threatening illness. Of course, you may recover from all of the above, return to work and get your finances back on track. But what if you die? There's no second chance!

Whilst medical know-how means that we're now living longer in general, the worst could still happen at any time, with an average of almost 50 adults, aged 18-44, dying every day!

(Source: Office for National Statistics, 2011 UK figures)

That's why it's vital that you (and your partner) have some life cover in place, in order to protect the ones that may be left behind, and it may be cheaper than you think. For example, if you were a 39 year-old, non-smoking adult, looking for £100,000 of life cover, over a 20 year term, then the average market rate is £10.96/month. And if you started the same policy at age 29 - the average price would be £6.76/month - probably less than the cost of one take-away meal a month!

(Source: Moneyfacts, average premiums, Jan. 2013)



### Trusts

And once you do set up life cover, consider placing the policy in trust, as it may help ensure that the proceeds are paid out speedily to the beneficiaries. Or, it could potentially enable you to ring-fence any payouts to help reduce a future Inheritance Tax liability.

**Do talk to us to find out more.**

**As with all insurance policies, terms, conditions and exclusions will apply.**

**Any premium quoted is an estimate only and that the actual premium will depend on individual circumstances.**

**The Financial Services Authority does not regulate Taxation or Trust advice.**



# Client Testimonials



Image is posed by models.

## Amiable Financial Services made it possible for us to secure a mortgage

"We were in the process of selling our house and buying a new one. We then went into one of the UK's largest high street banks and was told that we had to provide at least 3 years' Company account statements, as I was self-employed. However, I had only been trading for 2 years, with only 1 year of audited accounts.

On top of this, we were also informed that the minimum deposit required from us was 15% of the property value, but we could only afford 10%.

I then discussed our situation with a colleague of mine, who referred me to Amiable Financial Services (AFS).

After going through the fact-finding process, AFS was able to secure a Decision in Principle based on a 10% deposit, and then a mortgage offer based on a 1 year account statement and a projection for the 2nd year account statement.

Even after the offer letter was received, AFS continued to follow through the conveyance process until we received the keys to our new home.

The firm had made this achievable in the shortest possible time and they are highly recommended."

Many Thanks

Ade

## STEPPING ONTO THE PROPERTY LADDER...

"We had toyed with the idea of getting on the property ladder, but with a past dent on our credit rating we had resigned ourselves to exploring the social option. On voicing our fears to a friend, we were introduced to Amiable Financial Services (AFS).

After the initial interview, we were confidently informed that given our earnings and outgoings, AFS would be able to package the right product and rate for the property we had in mind. It took less than 2 days to get a Decision in Principle. We were delighted when the firm informed us about the lender's product for the mortgage which met our expectations and affordability.

Our application was followed through from the beginning to end by AFS. We are busy professionals, so it was helpful that we received a regular update on timescales at every stage of the process. On the day of completion I had just come out of a meeting and I was contacted via text message and email that the solicitors had been trying to get in touch with us to pick up the keys to the property.

The service received from Amiable Financial Services was excellent and we had no reservation in recommending them to a former colleague, who was equally happy about the quality of service and the success of his application. He was subsequently able to move to his new house."

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Do talk to us first, if you have any queries with regard to these developments.

organisation) feels that in 2013, house prices will rise by 2%, and the cost of renting by 4%.

### Industry predictions

In 2012, around £143bn is likely to have been lent on mortgages, which was a slight improvement over the 2011 figure.

In spite of the problems within the UK economy, the Eurozone and elsewhere, this improvement is expected to continue into 2013, where the Council of Mortgage Lenders estimates a gross lending figure of £156bn (an annual increase of around 9%).

And whilst there are regional variations, there's been a degree of confidence from estate agents regarding the housing market. Also, the RICS (the chartered surveyors

### What it means for you...

With some excellent deals on offer, now is probably a good time to reassess your own borrowing needs. So do get in touch. The outcome of our discussions may still be that you remain on your current deal, or perhaps we can find a more suitable option that will allow you to achieve your goals for 2013. Those could be moving to a new home, renovating the existing one, or merely remortgaging to lower your borrowing costs.

**You may have to pay an early repayment charge to your existing lender if you remortgage.**

■ **Your home may be repossessed if you do not keep up repayments on your mortgage.**

**There may be a fee for arranging a mortgage for you. This would typically be 1% of the loan. However, we will discuss your payment options with you and confirm the actual amount payable before we begin to provide our services.**

■ The contents of this newsletter are believed to be correct at the date of publication (February 2013).

■ Every care is taken that the information in *The Mortgage & Protection News* publication is accurate at the time of going to press. However, all information and figures are subject to change and you should always make enquiries and check details and, where necessary, seek legal advice before entering into any transaction.

■ The information in this newsletter is of a general nature. You should seek professional advice tailored to your needs and circumstances before making any decisions.

■ **We cover mortgages, insurance and protection products along with a number of other financial areas, so do contact us if you'd like to discuss your financial needs:**  
Tel: 0783 2352407 Email: [akin.arikawe@amiablefs.com](mailto:akin.arikawe@amiablefs.com) Web: [www.amiablefs.com](http://www.amiablefs.com)