

Interest Rates Are Held, But Mortgage Lenders Hike Their SVRs



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2010 has started with yet another interest rate hold by the Bank of England – the tenth consecutive hold decision since Bank Rate was cut in March to an all-time low of 0.5%.

Mortgage lenders Standard Variable Rates (SVRs) have also been very low over the last year, but despite Bank Rate remaining unchanged, a number of lenders have been increasing their SVRs – pushing up mortgage costs for thousands of borrowers. As this trend continues, more and more borrowers should consider switching their mortgage to a new deal.

Although SVRs tend to follow the Bank Rate, lenders can change their own rate at their discretion. Lenders such as C&G and Nationwide have rules in place which guarantee that their SVRs can be no more than 2% above the Bank's base rate, but other lenders have no such restriction.

While the SVRs of both C&G and Nationwide remain at 2.5%, a number of lenders have recently increased their rates and some are now charging more than twice that rate. Marsden Building Society recently announced an increase in SVR from 5.49% to 5.95% effective this month and Kent Reliance increased theirs by 0.3% to a huge 6.08% from 1st December.

Others have increased by even bigger margins. Accord (part of Yorkshire Building Society), last month raised its SVR by 0.65% and Cambridge Building Society went up by 0.59%.

Most recently, Mansfield Building Society announced that it was increasing its SVR by 0.35% to 5.59% – effective from the 11th January for existing borrowers.

David Hollingworth, Head of Communications for L&C, said, “Following these rises, the gap between the lowest and highest SVRs is now more than 3.5%, so depending on which lender you’re with, paying the Standard Variable Rate could prove costly.

“If you’ve been paying your lender’s SVR, don’t just assume that it’s the best rate for you at the moment – you could be paying more than you have to and you could see your monthly mortgage payments increase out of the blue.”

A simple way to check if you’re paying too much for your mortgage is to use L&C’s [1 Minute Mortgage Check](#) answer 3 simple questions and they’ll tell you if you could save money on your mortgage.

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Notes to Editors:
London & Country (L&C) is the UK’s leading no-fee mortgage broker. Based in Bath, it provides whole of market advice via telephone and post to clients nationwide. As well as residential mortgages, it also specialises in the Buy-to-Let and adverse-credit sectors.

L&C is a Climate Neutral company and for the last seven years has invested in climate friendly projects and tree-planting to help offset its emissions and those of its customers. For more information, go to <http://www.lcplc.co.uk>

L&C has won numerous awards including:
Best Mortgage IFA/Adviser of the Year – Money Marketing, 2004, 2005, 2006 and 2008
Best Technology Adviser – Money Marketing 2007
Best Mortgage Broker outside London – Mortgage Strategy, 2004 and 2005
Best National Broker – Mortgage Introducer 2005, 2006 and 2007
Best Overall Broker – Mortgage Introducer 2005
Overall broker of the year – Pink Home Loans, 2006 and 2007

Top 100 company in the Sunday Times Fast Track 100 for 2004 and 2005

Business of the Year – The Bath Business Awards 2005

Growth Strategy of the Year – National Business Awards (Wales and West) 2008

Business Leader (Broker) – British Mortgage Awards - 2008

Online Mortgage IFA of the Year – Financial Adviser - 2008

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