

# **It's inevitable interest rates will start to rise at some stage, but when and how quickly is something even the experts can't agree on**



Released on: March 26, 2009, 5:56 am

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Industry: [Financial](#)

[Fixed rate mortgages](#) are low, particularly for those with at least 25% equity, but will they/can they get any cheaper?

[Tracker mortgage](#) rates mirror any change in bank rate, but with mortgage lenders increasing tracking margins, and with bank rate at 0.5%, have you missed the boat?

Unusually, standard variable rates may also look attractive, but are lenders passing on any change in interest rates, as they struggle to retain savers?

If you are unsure what to choose, here are some L&C tips on how you could hedge your bets.

A mix and match mortgage is where you take part on a variable rate and part on a fixed rate. This gives you some security but will also mean you don't completely miss out if rates fall again. The downside is that you're likely to pay an arrangement fee for both schemes.

Drop lock mortgages, offered by lenders such as Halifax, Nationwide and C&G, allow you to take a tracker deal, but switch to a fixed rate in the future without penalty.

This might seem the perfect solution but timing your switch will be tricky, and is likely to involve your home being revalued. With house prices continuing to fall, a revaluation could see you move into a higher loan to value band with higher rates, so even if fixed rates generally fall, you could end up paying more. Any switch is also likely to mean a new arrangement fee.

You could also consider a capped tracker mortgage. The tracker means you don't miss out on interest rate cuts, and adding a cap means there is a maximum rate you can pay, so if rates rise above the cap, you don't need to worry.

The Coventry and Yorkshire Building Societies and Woolwich have all recently launched capped trackers.

To find out more visit the [best buy mortgages](#) section of the L&C website.

Whatever you do, L&C's advice is don't delay. With lenders reserving their best deals for those with up to 40% equity, and falling house prices eroding your equity, any delay could cost you dear.

For more information and no-fee advice, borrowers should call free on 0800 373300.

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Notes to Editor:  
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 [www.lcplc.co.uk/green](http://www.lcplc.co.uk/green)

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Best Mortgage IFA/Adviser of the Year – Money Marketing, 2004,  
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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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