

Mortgages Nov 20 2023

# Barclays rate reduction will 'fire up' the high street

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This is a 'significant move Barclays' that will 'see other lenders battle to keep up with Barclays' (Photo: Jessi Alden/Eisomberg)

By Tom Dunstan

Barclays's announcement of the first sub-5 per cent 2-year fixed remortgage product in months will "fire up the rest of the high street", EHF Mortgages managing director, Justin Moy, has said.

Moy's comments follows the lender announcing a reduction to its remortgage range, such as to its 2-year fixed £999 product fee, 60 per cent LTV product.

It detailed that this product would be reduced from 5.28 per cent to 4.98 per cent.

This change came into effect last week (November 17).

The announcement was met with positivity by brokers with Moy describing it as a "significant move Barclays" that will "see other lenders battle to keep up with Barclays".

Yellow Brick Mortgages managing director, Stephen Perkins, said: "Barclays have thrown a match into the haystack with these rate reductions available on remortgages.

Perkins added that, as a result, the lender rate war is going to "heat up fast" and that more reductions will "almost certainly follow very soon".

Meanwhile, MortgageShop.com director, Gary Bush, described the move as "exciting stuff" in what has been a "nightmare year" for mortgage holders.

"This will be the first of many new lower fixed rate releases as other High Street lenders see this as a direct attack on their market share", Bush continued.

"The end of 2023 and beginning of 2024 looks promising for the property market."

As a result of the announcement, Lodestone Mortgages & Protection director, Craig Fish, predicted that "there is a real chance that we could see a sub-4 per cent 5-year fixed this side of Christmas".

Additionally, R3 Mortgages director, Riz Malik, said: "Barclays are certainly not playing games with these rate cuts."

### Caution

However, Laura Bairstow, founder at The Mortgage Masters, said while acknowledging it's great to see these rates, she pointed out "they're only accessible on purchases for buyers who have a minimum 25 per cent deposit".

She explained that, as a result, "very few first-time buyers will benefit here and that's what we really need to inject life into the housing market."

A similar sentiment was shared by Mint Mortgages and Protection director, David Stirling, who said: "While this is certainly exciting news, are any lenders going to stick their neck out in the higher LTV and get things moving?"

"It would be a great winter pick-me-up to see this rate war escalate further and last into spring next year!"

### Advice

Additionally, The Mortgage Expert director, Darryl Dhoffer, advised: "Don't go rushing into buying the first house you see, do your research, make sure it is affordable, or you'll end up in the debt doghouse."

Thanks to the Newspaper community for sharing their thoughts with FTAdviser.

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