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## Blow to borrowers as major lenders hike mortgage rates

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A raft of mortgage rate increases have been announced by NatWest, Santander, and Halifax (Ratcliffe/Bloomberg)

By **Tom Dunstan**

A series of mortgage rate increases among the biggest lenders, including NatWest, Santander, and Halifax, have been announced.

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All taking effect today (March 12), these rate hikes were not welcomed by mortgage brokers, with EHF Mortgages managing director, Justin Moy, describing Halifax's rate rises as "a bitter blow to borrowers".

Halifax's rises affect rates on 2 and 5 year fixed rate products of up to 0.20 percentage points including first time buyer, large loans, new build and affordable house - shared equity/shared ownership, and the equivalent green home products.

Moy's sentiment was shared by Our Mortgage Broker director, Akhil Mair, who described the news from Halifax as "deeply concerning".

He explained that for those in the process of applying for a new mortgage or considering refinancing their current low fixed-rate deals, the announcement "casts a long shadow of uncertainty".

### NatWest

Halifax was not alone in bumping rates however, as NatWest also announced increases for its existing customers, with a hike of 10bps on selected 2 and 5 year deals for its switcher product.

MortgageShop.com financial adviser, Gary Bush, said: "NatWest increasing mortgage rates for its existing borrowers at a time when the industry and market mood music is improving shows a lack of consideration by this lender for its cash-strapped customers."

He explained that, due to new affordability calculations, many of NatWest's existing customers will be unable to switch to other lenders, so this is not a good look.

Additionally, Sunland Mortgages managing director, Robert Timm, pointed out that, while this is only a small increase, it is "frustrating" given the market reaction to the Budget last week.

### Santander

Meanwhile, Santander announced increases across its new business and product transfers ranges, including selected residential fixed rates increasing by between



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0.02 per cent and 0.36 per cent.

The lender also said all standard residential tracker rates would increase by between 0.01 per cent and 0.32 per cent for purchases and remortgages.

Sturgess Mortgage Solutions director, Shaun Sturgess, said it was “concerning” to see the mainstream lender increase their product transfer rates knowing how affordability has changed and that consumers may be limited in their switching options.

He added: “Lenders should not be cashing in on an affordability crisis.”

Additionally, Shaw Financial Services owner and mortgage expert, Lewis Shaw, said: “The mortgage seas are getting choppy than ever despite the non-event that was the Budget. Now is the time to grab a lifejacket.”

However, Santander’s announcement also included some rate reductions, such as all its buy-to-let fixed rates being reduced by between 0.09 per cent and 0.23 percentage points.”

#### Gen H

But Santander was not the only mortgage lender to announce rate reductions as smaller lender, Gen H, revealed it would be reducing rates across its range of products.

This included 5-year rates up to and including 80 per cent LTV falling by 25bps and 5-year rates above 80 per cent LTV dropping by up to 19bps.

Additionally, 2-year rates up to and including 80 per cent LTV will decrease by 16bps and those 2-year rates above 80 per cent LTV are to fall by 10bps.

Release Freedom broker and director, Simon Bridgland, said: “Gen H have provided some much needed relief to soothe the pain borrowers have been feeling of late.”

This sentiment was shared by Harmony Financial Services director, Imran Hussain, who said: “I did not expect to see any rate cuts at a time where the majority of the market seems to be increasing rates.

“This is welcome news as I shall take every positive I can currently and I am sure borrowers will be the same.”

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

*tom.dunstan@ft.com*

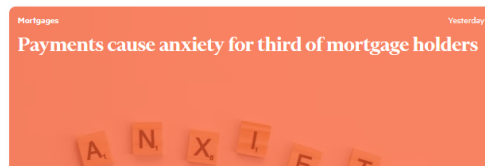
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