

Monetary Policy Committee Sep 22 2023

# BoE interest rate hold marks 'new chapter for UK mortgage lending'

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(Henry Nicholls/REUTERS)

By Tom Dunstan

The Bank of England's decision to hold interest rates is "quite simply fantastic news", according to R3 Mortgages founder and director, Riz Malik.

Malik's comments follow the recent announcement from the Bank of England that interest rates would be held at 5.25 per cent.

He said: "The Bank of England eventually got the memo that their consecutive rate hikes risk sending the UK into an economic ice age."

Additionally, Malik predicted that the markets "should react positively" and, as a result, it might witness "even larger reductions in fixed rates".

"Today's decision starts a new chapter for UK mortgage lending and could reignite the property market," he said.

Positivity was also displayed by Coreco managing director, Andrew Montlake, who said: "Common sense has finally prevailed and this pause for breath to buy time to analyse further data will be welcomed by many."

He added: "It now looks like we are at the very top of the interest rate cycle, with Swap rates continuing to ease and giving lenders more space to engage in a rate war."

"As this competition increases, we will see more products available starting with a four rather than a five and this will inevitably start to encourage more buyers back into the market."

MortgageShop.com financial adviser, Gary Bush, stated that the decision will be "music to the ears of UK mortgage holders".

He added this will "allow the lender fixed rate price war to continue".

Additionally, Shaw Financial Services owner and mortgage expert, Lewis Shaw, stated: "Thank the lord they've at last had the courage to pause."

However, Shaw cautioned "we're not out of the woods yet", pointing to the fact inflation remains over three times its target.

Shaw added: "The Bank of England could still raise rates in November".

EHF managing director, Justin Moy, also voiced a note of caution as, while he acknowledged the announcement will bring rates down in the short term, "this isn't the end".

He added that there may be more increases in the coming months.

"The close 5-4 split vote suggest there is still caution on Threadneedle Street", he stated.

Lodestone Mortgages & Protection director, Craig Fish, shared a similar sentiment, stating "this was a close call of 5 vs 4 and is in no way an indication that there won't be further increases at future meetings this year."

IP Global director of wealth management, Jonathan Gordon, added: "Mortgage borrowers should be prepared for the possibility of further interest rate increases in the coming months."

Additionally, Bolton Business Finance managing director, Marcus Wright, stated: "I am actually shocked that 4/9 of the Monetary Policy Committee still voted to increase the base rate further."

"Inflation is down again, GDP is falling and unemployment is going up, so if anything they should be considering rate cuts."

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

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