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#### Brokers urge borrowers to 'keep calm' as average two-year fix breaches six per cent

By Shekina Tuahene  
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**Mortgage brokers have said borrowers should remain calm and look beyond average rate figures as Moneyfacts revealed the average two-year fixed rate was now 6.01 per cent.**

This is the highest the average two-year fix has been since December, when they started to steadily fall as the impact of the mini Budget eased.

The average five-year fixed rate is currently 5.67 per cent.

Rates started to rise again in April when it was revealed that inflation was not falling as quickly as initially thought and swap rates began to increase.

At the time, the average two-year fixed rate was 5.44 per cent.

#### Average rates are unhelpful

Mortgage brokers said it was not necessarily useful to focus on average rates as it overshadowed the fact that lower rates were still available on the market.

Lewis Shaw, founder and mortgage expert at Shaw Financial Services, said: "The talk of average mortgage rates is unhelpful as no one has an average rate. The range across all loan to values (LTVs) for a two-year fixed rate for a standard residential purchase or remortgage with good credit is between 5.05 per cent with a 40 per cent deposit or equity and up to 6.99 per cent with a five per cent deposit."

Elliott Culley, director at Switch Mortgage Finance, added: "The key word here is 'average'. If customers have a good credit score, there are two-year fixed rates below six per cent."

However, Culley said this was a "stark contrast" to two or three weeks ago when there were two-year fixed rates available at under five per cent.

He added: "We were even talking about when they might break under four per cent a few months ago. It shows how quickly the mortgage market is changing, and clients need to be on the ball when it comes to renewing their mortgages."

Hannah Bashford, director at Model Financial Solutions, said: "An average two-year fixed rate of six per cent sounds scary and will certainly grab headlines but in reality, there are still plenty of rates available just above five per cent."

#### "Irresponsible scaremongering"

Jonathan Burridge, founding adviser at We Are Money, said it was "irresponsible scaremongering" to headline average rates as there were still cheaper options available.

He added: "All this sensationalism simply causes panic and instability. We need to keep calm. Rates have returned to 'average' levels if you look at the last 40 years or so. It is going to be painful for many and they need to speak with balanced professionals who can assist rather than be scared to hell by headline-grabbing stories."

Ross McMillan, owner and mortgage adviser at Blue Fish Mortgage Solutions, said while rates had gone up, it was important to apply context to the headlines.

McMillan added: "Alongside the initial deal length, LTV bands continue to have a bearing on lender risk assessment and associated rates and the higher rates focused on are most prominent at the peak of lenders' risk areas, namely 95 per cent LTV."

"For many people remortgaging, they will be looking at significantly lower loan to values with rates closer in many instances to five per cent currently."

McMillan said he hoped that the next inflation figures went beyond expectations and did not result in a further base rate rise.

He added: "However, it is important to note that claims of an impending crisis are misleading and irresponsible as it's worth noting that mortgage rates have now returned to 'normal' levels when considering historical trends."

#### Inflation and base rate anticipation

Other brokers said they were waiting for the next inflation data and the subsequent Bank of England base rate decision, as this could have an additional impact on the direction of mortgage rates.

Gary Bush, financial adviser at MortgageShop.com, said SONIA swap rates were currently 5.435 per cent and mortgage lenders were in "overreaction mode".

He added: "We simply can't get to Wednesday's inflation figure announcement fast enough."

Graham Cox, founder at SelfEmployedMortgageHub.com, said: "Let's just pray the inflation figures on Wednesday are better than expected. If they are, rates may fall as quickly as they've risen over the past couple of weeks. If they're worse, hold onto your hats."

Ashley Thomas, director at Magni Finance, added: "There has been a significant increase in mortgage rates in the past couple of weeks with anticipation that the base rate will go up at the next meeting. Hopefully, we will get positive news with the next inflation data and see rates reduce."

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Shekina is the commercial editor at Mortgage Solutions, YourMoney.com's sister title in the B2B industry. She has over four years' experience in the B2B publishing market, with previous industries including the accounting, pet, funeral, hospitality, retail and jewellery trades. She currently reports on current events in the mortgage market and liaises with financial clients to produce sponsored content. Follow her on Twitter at @ShekinaMS

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