



JESSICA OGDONOR | FEATURED LATER LIFE LENDING NEWS | 31/07/2023

## Halifax increases maximum working age for mortgages to 75

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From tomorrow (Tuesday 1<sup>st</sup> of August), [Halifax](#) will increase the maximum working age, using earned income to age 75.

Mortgage professionals shared their thoughts on how this move may affect the market going forward.

### Nicola Schutrups, managing director at The Mortgage Hut:

"This is a fantastic move from Halifax which will give our customers more options.

"There are currently some smaller lenders who allow this; however, the rates are sometimes higher and/or criteria and underwriting can be tougher.

"With customers taking mortgages longer due to changing working habits, the increased cost-of-living or just personal preference, this move will only serve to assist mortgage borrowers and drive competition in the market.

"We would welcome more mainstream and high-street lenders moving into this space."

### Gary Boakes, director at Verve Financial:

"I have repeatedly asked my Halifax BDM when this was going to happen and they would fall in line with the rest of the market and was always told the same, namely that they didn't need to, they were already the largest lender in UK and didn't need the extra business.

"Clearly, something has changed within Halifax to make this strategic change.

"Is it a lack of business in the market, as we have seen a drop in purchaser activity, or is it the right thing to do to give customers those options to take the mortgage for longer and lower monthly costs?

"Whatever, the reason it doesn't matter as it is great news and long overdue and potentially those extra five years are going to be a massive help to customers in what is a challenging time financially for a lot of people."

### Craig Fish, director at Lodestone Mortgages and Protection:

"This is long overdue from the UK largest lender and brings them into line with most others in the industry.

"In this day and age, it is more common for people to work beyond state retirement age.

"Furthermore, people are coming onto the property ladder, especially in London, at a much later age so having the option of a longer mortgage term opens up more options for borrowers, which can only be a good thing.

"Of course, it's riskier having a mortgage at this age, but as long as the client has received proper advice and understands the implications it isn't an issue. Well done Halifax."

### Lewis Shaw, owner and mortgage expert at Shaw Financial Services:

"Halifax has been an outlier in this area for a while, given its size.

"However, it's a welcome move by one of the biggest mortgage lenders in the UK.

"This will likely see them increase their market share just by adding this one piece of lending criteria.

"However, anyone considering taking a mortgage past the state retirement age needs to think carefully about the sustainability of paying a mortgage up to age 75.

"When consumers are in their 30s or 40s, they may feel as though working until 75 is achievable, but speak to anyone that is that age, and you'll likely hear a very different story."

### Gary Bush, financial adviser at MortgageShop.com:

"This is great news and is often a concern to us with applicants as the UK general public are all clear in their mind that they will sadly be working until at least 75 now and so why should the largest mortgage lender in the UK have been restricting their repayment terms until age 70?

"The large majority of UK lenders now have good flexibility in acceptable repayment ages and Halifax has now slotted into this."

### Riz Malik, founder and director at R3 Mortgages:

"Lenders primarily vie for business using two tactics: interest rates and terms.

"No one wants to compete on interest rates, and Halifax has recently made beneficial changes to their terms.

"This strategic shift is astute, given the present circumstances, and will undoubtedly boost their business activity, even amidst these challenging times."

### Ashley Thomas, director at Magni Finance:

"This is in line with a lot of lenders and is sensible as a significant percentage of people these days are working up to age 75.

"This doesn't stop people from overpaying and paying off the mortgage before age 75 if they are able but it can help reduce the monthly cost with a longer term."

### Chris Sykes, technical director and senior mortgage adviser at Private Finance:

"This is bringing Halifax in line with many of their competitors with the likes of NatWest changing these criteria last year and HSBC, Nationwide and Santander amongst others having it for years.

"Extending a mortgage term past state retirement is not a decision that should be taken lightly but is what

many are doing at the moment to make their monthly payments more affordable, hopefully as a temporary measure and the mortgage can be paid down quicker with overpayment or a remortgage at a later date."

**Gareth Davies, director at South Coast Mortgage Services:**

"This is a good move from Halifax and brings them into line with the majority of other high-street lenders.

"Known in the industry as a 'no fuss'-type lender, this has been one element of their criteria that we brokers have wanted for a while.

"It won't see a surge of new applications but having the choice to go beyond 70 is something that a lot of people want to consider.

"I also like the fact they want the client to sign a form to evidence they are aware of the risks of doing so. A wise move in our current 'compensation culture'."

**Lee Gathercole, co-founder at Rebus Financial Services:**

"This is fantastic news. I think it was only a matter of time before Halifax increased its maximum age to 75.

"There are a number of big banks already doing this. We are already seeing a vast amount of homeowners increasing their mortgage terms to help cushion the blow with substantially higher mortgage payments so these new criteria will certainly help this.

"The increased term does come with some risks, as ultimately you will be paying more interest over your mortgage term and if you are close to retirement, you will need a solid plan on how you are going to work and pay your mortgage until the age of 75."

**Rob Gill, managing director at Altura Mortgage Finance:**

"This is an eminently sensible move from Halifax, reflecting both the short-term need for longer terms to reduce mortgage payments during the cost-of-living crisis, and the long-term reality that our ageing population means people need to work longer and retire later."

**Scott Taylor-Barr, financial adviser at Barnsdale Financial Management:**

"This isn't quite as scary as it first sounds. The retirement age of 65, for men at least, was set back in the 1940s when the average life expectancy was under 70, so retirement would last around five years.

"Life expectancy is now around 80, but with the retirement age only edging up to 68, that leaves us with 12 years of retirement to fund.

"Many people are simply not saving enough to fund a retirement of that length and so the only option is to remain in some form of employment.

"This could be part-time to supplement their pension income rather than full-time, but it is more and more likely that people will need to have an earned income later in life, so Halifax, as with many other lenders, is only amending their criteria in line with how their customers working lives are evolving."

**Ben Tadd, director at Lucra Mortgages:**

"This long-awaited move by one of the biggest high street lenders in the market will be a big relief for many consumers whose monthly mortgage payments up to the previous maximum age of 70 were simply not affordable.

"It also brings Halifax in line with many of the other big six lenders and will result in a small increase to their already substantial market share.

"More and more borrowers will look to take advantage of this change of criteria and extend their mortgage terms, in order to reduce their monthly payments to a more affordable and sustainable level.

"Increasing your mortgage term is not without its risks however, it of course means retiring much later in life, which may not be feasible for everyone, depending on their occupation type, and it also means paying a lot more interest, too, by taking the mortgage over a longer term."

**Jamie Alexander, mortgage director at Alexander Southwell Mortgage Services:**

"Halifax is a big company that's always stood out a bit.

"It's nice to see one of the top mortgage lenders in the UK making a big move like this.

"By changing just one rule about who they lend to, they could attract a lot more customers.

"But, for people thinking about getting a mortgage that extends past retirement age, it's really important to think about whether they can keep paying it until they're 75.

"When you're in your 30s or 40s, working until 75 might seem doable, but people who are actually that age often find it's not that simple."

**Elliott Culley, director at Switch Mortgage Finance:**

"Good move from Halifax, but one the majority of their main competitors had already made a while ago.

"With first time buyers getting on the market later and existing homeowners taking out longer terms currently to deal with rate rises, it gives Halifax a wider share of the market to attract."

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