

HSBC becomes first high street lender to slash rates

Brokers hope more big lenders will follow suit



By Rommel Lontayao

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HSBC has announced rate cuts on its residential fixed rate products, becoming the first high street lender to do so, as swap rates continue to head on a downward trajectory.

From tomorrow, July 26, certain two-, three-, and five-year fixed fee saver, fixed standard, premier exclusive, and tracker standard products at up to 90% loan-to-values (LTV) on the lender's residential first-time buyer and home mover products, residential remortgage, and international residential purchase ranges will have their rates decreased.

Meanwhile, Accord Mortgages has also announced reductions of as much as 0.45% on its residential fixed rates, also taking effect from tomorrow.

The intermediary-only lending subsidiary of Yorkshire Building Society has also enhanced its offset mortgage range to allow clients to borrow more using the boost LTI feature.

"After HSBC, Accord is probably the largest lender to make a move on their rates," commented Justin Moy, managing director at EHF Mortgages. "I think any reductions will be small, and it may be short-term pending the [impact of the base rate increases](#) we all expect in the coming weeks.

"Seeing the first high street lenders 'blink' and reduce rates across their residential products is great news. There is plenty of pressure on others to follow now, as applications will follow the cheaper rates."

Ashley Thomas, director at Magni Finance, agreed and said that he would not be surprised to see five more lenders reduce their rates this week.

"It's refreshing to see rate reductions," he said. "HSBC has followed Accord, and we fully expect more lenders to follow suit. However, we need to see a much lower [drop in inflation](#) for rates to reduce significantly."

Read more: [The latest HSBC mortgage rates for UK customers](#)

Kylie-Ann Gatecliffe, director at KAG Financial, said this "could be the start of another rate war, [similar to the one we saw early this year](#) after the disaster that was the mini budget."

"As we have seen other lenders reduce their rates over the past week, now that the high street lenders are involved, I do believe we will see more of this," she added. "They may not fall rapidly, as this could also shake the market, but a reduction at a time when people are worried about mortgage payments is a step in the right direction."

Gary Bush, financial adviser at MortgageShop.com, noted that some high street lenders were still increasing their fixed rates.

"It just shows how out of touch some financial institutions are with public sentiment and strained household budgets," he remarked. "As we have stated before, we think that UK fixed rates for the past six weeks [have been overcooked](#), and it will be good to see some normality returning to the mortgage market."

Neezam Romjon, co-Founder at Rebus Financial Services, said the rate reductions by HSBC and Accord present a huge opportunity for other lenders to demonstrate that they are not purely focused on profiteering during a difficult time for mortgage borrowers.

"When interest rate rises are announced, we are flooded with product withdrawal emails from lenders," he pointed out. "But when there is positive news, such as the [June inflation figure](#), you could hear a pin drop. I would really like to see more lenders follow the same approach."

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