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'Mortgage chaos' of last few months eases as available deals surpass 4,000

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The average five-year fixed-rate mortgage this month was 5.20 per cent, down from 5.63 per cent in January, according to Moneyfacts.

The number of mortgage deals available has surpassed 4,000 for the first time in six months according to a financial information website.

Moneyfacts.co.uk, which counts the number of mortgage products at the start of each month, said 4,341 deals were available on 1 February compared with 3,643 products at the start of January.

Many mortgage deals vanished from the market last autumn, amid market turmoil in the days following the [mini-budget](#).

There were 2,258 deals left by October 1 2022, down from 3,890 at the start of September 2022, according to Moneyfacts' figures.

In further signs of more stability returning to the mortgage market, the average "shelf life" of a mortgage product before it is withdrawn has increased to 28 days, up from 15 days in January.

The choice of deals for borrowers with smaller deposits has also increased, with 149 products available in February for people with a 5 per cent deposit, edging up from 132 in January.

Some 539 deals were available at the start of February for people with a 10 per cent deposit, from 435 in January.

The product choice for people with a 40 per cent deposit is at its widest in three years, with 606 deals available – the highest number in this loan-to-value bracket since February 2020.

Across all deposit sizes, the average two-year fixed-rate mortgage in early February was 5.44 per cent, down from 5.79 per cent in January.

The average five-year fixed-rate mortgage this month was 5.20 per cent, down from 5.63 per cent in January.

Standard variable rates (SVRs), which borrowers move on to when their initial mortgage deal ends, are continuing to climb.

At 6.84 per cent, the average SVR is the highest on Moneyfacts' records since October 2008.

Rises in the Bank of England base rate have, in general, been pushing up borrowing costs.

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Rachel Springall, a finance expert at Moneyfacts, said: "The mortgage market has shown notable stability with product choice, as the total number of mortgage options has breached 4,000 for the first time since August 2022."

She added: "Borrowers with a limited deposit may be pleased to see choice expand month-on-month and that both the two and five-year average fixed rates at 95% loan-to-value sit below 6% for the first time since October 2022."

Ms Springall continued: "Those borrowers sitting on their revert rate may wish to note the average SVR stands at its highest point since October 2008, so switching to a fixed deal may help them reduce their monthly mortgage repayments and give them peace of mind."

She said: "It is imperative borrowers take time to seek advice to ensure they are considering all the options available, particularly as fixed interest rates are expected to fall further in the coming months."

Gary Bush, a financial adviser at MortgageShop.com, said it was reassuring to see more mortgage deals available.

He said: "The mortgage rate situation is definitely stabilising after the chaos of last last year – thankfully. Members of the public looking to purchase, remortgage or indeed borrow further funds from their existing

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lender need to allow more time for the transaction to process – it's busy out there.

"As far as the mortgage lenders variable rate is concerned we are now back to a more normal status with rates – for those advisers who have been around long enough, the variable rate being above the fixed rates isn't something to worry about, it's kinda how things used to be."

Jamie Lennox, director at Dimora Mortgages said a huge uplift in product availability was good for consumers.

He added: "With the ever-changing market there has also seen an increase in lenders offering alternative products to fixed rates. One thing that is clear, with a larger pool of products to wade through it is important to seek expert advice to make sure the consumer gets the right deal for their circumstances.

Samuel Ewen, managing director at Rosehill Financial Services, said fixed mortgage rates were continuing to reduce despite the recent [interest rate](#) increase.

"This is because the base Rate isn't the only factor involved in determining fixed mortgage rates."

Fixed rates are largely influenced by Swap Rates, which have been steadily reducing over the past few weeks. Therefore, I expect to see more and more mortgage products reach the market over the coming months, and more competition in the market naturally brings more competitive rates.

"That said, buyers and those looking to remortgage shouldn't race to arrange a fixed mortgage rate without exploring their options.

"Although the base rate has been increasing, variable rates, such as tracker rates, may still be the most suitable option for some people, particularly those with no early repayment charges, whilst fixed rates continue to reduce."

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