



JESSICA OGDONOR ENVIRONMENT/GREEN PRODUCTS LEAD STORY NEWS 15/05/2023

Nationwide supports mortgage members making green home improvements with 0% borrowing

Share [f](#) [t](#) [in](#) [e](#)

Nationwide Building Society is increasing support for mortgage members improving the energy efficiency of their homes by reducing the interest rate on Green Additional Borrowing to 0%.

The new 0% Green Additional Borrowing products, which will be available from Thursday 1 June, will enable up to 5,000 households with a Nationwide mortgage to borrow £5,000-£15,000 up to a maximum of 90% loan-to-value (LTV) across the 2- or 5-year product term.

With the UK's 29 million homes producing some 16% of the country's emissions and a commitment to reach the Net Zero target by 2050, Nationwide's approach aims to contribute towards that goal through retrofitting properties.

While Nationwide has limited ability to reduce emissions on the properties it lends on, it hopes that by removing interest on its Green Additional Borrowing products, it can effect positive change by incentivising members to make green home improvements.

For example, if a member borrowed the maximum £15,000 over a 5-year term, the monthly payment on the existing Green Additional Borrowing product at a rate of 3.89% would be £275.50.

For those taking out the new version, the payment would reduce by £25.50 per month to £250, meaning the member would save £1,530 over the full term of the deal.

The new Green Additional Borrowing home loan is available via Nationwide's mortgage advisers as well as brokers.

All of the loan must be used to fund non-structural, energy-efficient home improvements, such as solar panels, air source heat pump, window upgrades, boiler upgrades, cavity wall insulation, loft insulation or an electric car charging point.

Members can use any local or national contractor or supplier for the work.

The previous version of the Society's Green Additional Borrowing product will be withdrawn from sale at 23:59 on 31 May 2023.

Henry Jordan, director of home at Nationwide Building Society, said: "Residential properties are one of the biggest causes of emissions and there is a need for more to be done by government and business to encourage households to act.

"A key barrier to making homes more energy efficient is not only the upfront costs associated with retrofitting, but also the payback period of making such changes.

"It's clear to us that only meaningful incentives will help shift behaviour. So, by launching this latest product for up to 5,000 of the Society's mortgage holders, we can test and understand whether offering zero per cent interest will encourage members to make the necessary green home improvements, where the costs of finance may have, until now, discouraged them."

He added: "As a mutual, we're committed to returning value back to our members, which is demonstrated by this being the first time we've taken this approach. Creating a greener society is a shared goal and we need to make it as easy as possible for households to play their part."

Reaction

Craig Fish, director at Lodestone Mortgages & Protection:

"This is a great idea in principle, so well done Nationwide, but more needs to be done. There are some significant limitations on this product such as the maximum loan being offered at £15,000. Most 'green' improvements that make a difference are going to cost considerably more than this, so I'm not sure that it's going to be such a popular product.

"Furthermore, whilst offering interest-free loans for a period of 2- or 5-years is great for the green agenda, borrowers need to be aware of the fact that the rate will jump to the lender's standard rate after the interest-free period ends. As with all these new and innovative schemes, the devil is in the detail, and borrowers should seek independent advice to understand those finer details."

Gary Bush, financial adviser at MortgageShop.com:

"Nationwide's new 0% mortgage isn't quite what it at first lends you to believe but it's a great start towards a greener UK. Nationwide giving all their existing mortgage borrowers the chance to borrow from £5,000 to £15,000 for green-based home improvements without interest charges for up to five years will make a big difference to the UK's green agenda. The fact that the most important improvements on the lender's list reach far beyond the £15,000 ceiling highlights why more needs to be done in this regard but it's promising. Well done Nationwide."

Justin Moy, managing director at EHF Mortgages:

"This is an excellent opportunity for Nationwide customers to borrow for any work that will improve the EPC rating, without any interest costs. It's arguably the best green mortgage solution from one of the High Street lenders to support the improvement in property efficiency. You just need to watch the rate, as it will jump from 0% to the lender's SVR in either two or five years' time."

Rohit Kohli, operations director at The Mortgage Shop:

"Nationwide's decision to offer 0% products as part of its Green Additional Borrowing range represents a significant step forward in the mortgage and property industry. It's encouraging to see a lender that's actively working towards distinguishing its green products from standard offerings. This move by Nationwide, which is a first in our sector, is quite refreshing. It's a clear commitment to supporting the development of more energy-efficient homes.

"The new offerings – with 2- and 5-year fixed term options, loan sizes from £5,000 to £15,000, and up to

90% L1V – provide an opportunity for homeowners to make all-important green improvements. In light of this, I hope that other lenders will take note and start to innovate similarly. As the next step, it would be advantageous to see standard mortgages and green mortgages bundled together for clients purchasing properties that require improvements.”

Austyn Johnson, founder at Mortgages For Actors:

“This is a great idea, although clearly we will need to know more about the extra criteria. For example, what happens if the EPC on the property is unable to get as high as predicted or expected after the works? However, if this is a suitable product and can be shown to be workable, it’s a fantastic and forward-looking step for the mortgage market.”

Hannah Bashford, director at Model Financial Solutions Limited:

“This is a great initiative and will be a good step forward to helping to make homes greener. The amount in some cases will not cover the full cost but will provide an affordable option for part of the funding and will hopefully encourage more people to look at their options. Will they expand this to TMW customers to help with the landlord’s obligation to get their properties to an EPC C by 2025? That remains to be seen.”

Related



The Mortgage Works reduces buy-to-let rates for new customers



Tipton & Coseley Building Society reduces rates across residential and ex pat BTL products



Leeds Building Society introduces new rate reductions for Reach Mortgages range



“Lenders are still keen to get money into the market” – brokers react to Clydesdale mortgage rate cuts

SECTIONS

Homepage
Residential Mortgages
Specialist Finance
Buy-to-let
Later Life Lending
Technology
Protection
Second Charge
The Interview
Meet the broker
Opinion

CONNECT

About Us
Advertise
Submit a story
Contact us
Subscribe to *The Intermediary*
Work for us

LEGAL

T&C's
GDPR
Privacy Policy

MEMBERSHIPS



CHARITY PARTNER



[Change privacy settings](#)