

BUSINESS



## Sub-4% two-year fixed mortgage within sight as Barclays and Santander slash rates

The 'big six' lenders joined the ongoing rate war, following a number of others such as Halifax and HSBC in reducing mortgage prices this year



DANIEL O'BOYLE @DAN\_O\_BOYLE  
9 JANUARY 2024

Two-year fixed-rate mortgage interest rates may soon hit 4%, as Barclays and Santander unveiled a swathe of major rate cuts today.

The 'big six' lenders joined the ongoing rate war, following a number of others such as Halifax and HSBC in reducing mortgage prices this year.

The cuts from Barclays, coming into effect tomorrow, will be especially eye-catching as they bring the cheapest two-year deals within touching distance of the 4% threshold. The bank cut rates on the lowest-priced of its two-year fixes by half a percentage point to 4.10%, though those deals will require a 40% deposit. Other deals have also been cut by a similar amount.

Gareth Davies, director at South Coast Mortgage Services, said the cuts were the most significant of the year so far.

"This is a very significant move by Barclays," he said. "The best one we've seen in 2024 yet. To see two-year fixed deals edging this much closer to 4% is not something many would have predicted a few months ago."

"With their capacity to handle large business volumes, too, this is a serious shift in the market and other lenders are going to lose a lot of business to them unless they also fall in line."

Santander also announced a number of cuts, also coming into effect tomorrow, alongside changes to its affordability criteria. The new prices include a five-year fix at 3.89%.

Gary Bush, financial adviser at Mortgageshop.com, said: "Some great New Year's news that Santander is offering a 3.89% fixed rate for five years. It will make UK mortgage account holders' lives a lot easier if they are approaching a mortgage renewal date in the next 6 months."

"We are very happy that a High Street lender has rolled its sleeves up again and sent a salvo over the top, attacking competitors' offerings. A retaliatory response to this move can be expected in the next few days and definitely by the end of the week. The consumer will be the winner."

### READ MORE



NatWest chief backtracks after saying 'not that difficult' to get on property ladder



House prices fell 1.8% in 2023 but were unchanged in December, Nationwide says



Lessons on the economy from 2023 and forecasts for 2024



Whatever you are saving for, Coventry Building Society can help

Rates have been slashed by all major lenders as markets anticipate that the Bank of England will be able to start cutting its own base rate in the spring. The Bank has held interest rates at 5.25% at each of the last three meetings, after a cycle of 14 consecutive rate hikes.

According to Moneyfacts, the average 2-year fixed residential mortgage rate today is 5.76%. This is down from an average rate of 5.81% yesterday. The average 5-year fixed residential mortgage rate today is 5.37%, down from 5.42% yesterday.

The cuts from Barclays comes a day after it revealed it cut around 5,000 jobs globally during 2023 to 'simplify and reshape the business'.

MORE ABOUT MORTGAGE LENDERS (BARCLAYS) SANTANDER BANK

HAVE YOUR SAY... VIEW COMMENTS

### Discussion

LOG IN SIGN UP

Start the conversation

ALL COMMENTS NEWEST

Start the conversation

Powered by visafoura

- MOST READ**
- 1 FOOTBALL**  
Transfer news LIVE! Chelsea want Benzema; Isak to Arsenal; Spurs join Olise race; Man Utd latest
  - 2 UK**  
Met Office extends weather warnings as snow and ice hits UK
  - 3 UK**  
Queen Elizabeth told aides Harry and Meghan naming child Lilibet 'took only thing she owned': book claims
  - 4 FOOTBALL**  
Transfer news LIVE! Chelsea want Benzema; Isak to Arsenal; Spurs join Olise race; Man Utd latest
  - 5 FOOTBALL**  
Algeria vs Angola LIVE! AFCON match stream, match stream, latest score and goal updates today

**Voucher Codes**

- £250 off per bookings £2,500+ with this TUI discount code
- ASOS 15% off first orders over £20 with this ASOS discount code
- 5% off all bookings with this Travelodge discount code
- 20% off everything with The Body Shop discount code
- 15% of all orders with The Perfume Shop birthday discount

