

Financial Expert Tells Us How We Can Counter The Mortgage Surge

Jasmine Birtles tells people to stay calm and gives ideas on what to do next in light of the mortgage surge

14th December 2022

Millions of people in the UK on fixed-rate mortgages now face an "average payment increase of £3000 a year", according to a stark warning from the Bank of England this week: the bank estimate that about four million mortgage borrowers will see monthly payments jump by a large amount (up to the suggested £3K) over the next year. The reality of this being that many people won't be able to afford their new, higher rates, thus causing them to default on payments.

Financial expert and founder of [MoneyMagpie.com](https://www.MoneyMagpie.com) Jasmine Birtles says, "Firstly, from a macro perspective, this mortgage madness is entirely unnecessary. The interest rate rises come from the government and Bank of England trying to make right all the things they did wrong with lockdown and QE. Personally I don't think these interest rate rises will improve the inflation situation, they will just cause misery to a lot of borrowers."

Jasmine gives several ways to counter the rise of mortgage rates:

- First contact your mortgage lender and see what they can work out with them. You may be able to move to an interest-only mortgage, which is a lot cheaper than a repayment one, although it does mean that it's like paying rent rather than paying off the mortgage. My advice is to put money aside if they can, while they have an interest-only mortgage so that when the lending period is up they can pay off some or all of the capital.

- It may be possible to find a cheaper mortgage too, depending on how much you want to borrow, what percentage of equity it is and what the borrower's situation is. Speak to a mortgage advisor that has access to the whole of the market to see what they might be able to offer

- If paying the mortgage takes all of your money, either rent out a room (or more if you can bear it - move into the sitting room and rent out your own room if needed). You can make up to £7,500 a year tax-free by renting out a room. Or do an Airbnb or have foreign students in for a few weeks at a time.

- Or, if you're able to, rent your whole property out for a year or so if you're able to move back in with your parents or move somewhere cheap. It sounds drastic but it could mean the difference between keeping your property and not.

Finally, if it all looks impossible and you think you're going to lose your home, contact the charity Shelter asap as the earlier they get your case the more they should be able to do to keep the roof over your head or at least move you into somewhere that is pleasant and safe.

- ENDS -

If you would like to interview Jasmine on the key themes discussed - please contact vicky.parry@moneymagpie.com.

MoneyMagpie is the UK's leading self-help money site for those seeking a richer life. It's packed with fun and easy to understand articles, eBooks and videos on how to make money, save money and manage your money wisely.

Essentially, MoneyMagpie is your complete guide to your money including how to save it, how to spend it, how to make it and how to invest it.

Founded in 2007 by money-making expert, journalist and TV personality Jasmine Birtles, well-known for her appearances on popular day-time TV & radio shows and through her columns as a print journalist, such as her weekly Miss Moneysaver column in the Daily Mail.

MoneyMagpie has become a major and trusted online destination with over 2,500 money articles across a broad range of financial topics from how to make money, save money and manage your money wisely.

Readers around the UK learn how to make the most of their money and to supplement their day-to-day incomes.

The site is completely free to use, and we are pleased to welcome new readers on a daily basis.