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Mortgage Rate Rise Hits A Million Households



For the majority of these customers, the new rate will be 4%.

Bank of Ireland has also announced an increase in its SVR, which will take effect in two stages on June 1 and September 1.

The lenders blame the weak economy, the ongoing **eurozone debt crisis** and the increased cost of funding a mortgage - although the **Bank of England** has not raised its base interest rate since March 2009.

Last week it was revealed the UK had slipped back into recession, the first double-dip since the 1970s.

Fears have been raised that people could struggle to switch to a better deal as lenders have already started tightening their borrowing criteria ahead of the introduction of stricter mortgage rules from next year.

Research from the consumer group Which? revealed 70% of mortgage holders are concerned about an increase in interest rates and 14% say they are already struggling with repayments.

Borrowers who have not managed to pay off much of their loan or are in negative equity could find themselves stuck with their existing lender as they will face more probing questions to prove they can pay back loans.

Greater restrictions are set to be placed on mortgage loans due to a clampdown by the **Financial Services Authority** on irresponsible lending, to make sure borrowers can only take out deals they can afford.

According to the Which? survey of 3,345 mortgage-holders, an increase of £100 a month would see 20% not having enough for daily essentials such as food and 11% being unable to pay their mortgage.

Consumers described the emotional impact of increases in mortgage repayments as "devastating" and "a disaster".

Which? chief executive, Peter Wexley-Smith said: "Our advice to anyone struggling with their

MORTGAGE EXPERT JAMES MOSS



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Total Policies

WEATHER

LONDON

How many degrees?

Today	Tue	Thu	Fri	Sat
15°C	10°C	15°C	10°C	15°C

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