

## IT'S COME TO THE CRUNCH

How is the credit crunch we're all hearing about at the moment going to affect you?"

According to Richard Jones of Security Financial Services, if you have mortgages – or any other debt for that matter – it means things are going to change and most certainly for the worse.

He explained: "Many of the problems in the housing market right now, and part of the reason why house prices are falling, are because lenders are very reluctant to lend, and however keen or desperate you are to buy a house, if you can't get the mortgage that's that!"

Richard said, just like all changes in life, it takes a bit of getting used to.

He recalls it was just a few months ago that we were swamped with mail offering more credit than seemed possible. He said "Banks and credit card companies were falling over themselves to lend money. But not now."

He continued: "My recent experience of arranging mortgages is that the banks are all looking for excuses not to lend and if they do it's not at the very low fee free rates that we're all used to.

It used to be routine to move your mortgage at the end of a fixed rate period to find cheaper rates...and often without having to pay fees."

Richard gives as an example a £125,000 mortgage on a fixed rate of 5%. The monthly repayment would be £739. Now at 7% it would be £894 which means you have to find an extra £155 a month just because borrowing costs are 2% higher and there's nothing you can do other than get used to paying more than you were on mortgages and other debts.

Security Financial Services is authorised by the Financial Services Authority.