

To fix or not to fix - that is the question: (Nov 2010)

The debate over whether to take out a fixed-rate mortgage or a tracker mortgage continues.

Many homeowners have decided to sit on the standard variable rate or opt for a tracker deal whilst most spectators of the market have been predicting no interest rate increases.

However, as we approach the end of the year, research from first direct has shown that homeowners are beginning to return to the fixed-rate market.

The data suggests that so far in 2010 just one in four mortgages have been fixed-rate products but in the last month fixed-rate mortgage sales have increased to 33 per cent.

Richard Tolchard, senior mortgage product manager at first direct, said: "The canny homeowner has realised that Britain has been at the bottom of the interest rate cycle for a while and 2011 will be the year when fixed mortgage rates start to move up."

It would be prudent to advise clients wishing to now opt for a tracker loan to ensure they have a low flexible mortgage which allows them to switch when they wish without penalty.