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Mortgage rises bring holiday to abrupt end

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Holidaymakers who took a break over the festive season will return to a raft of cuts to savings rates and higher mortgages costs after providers took the opportunity to boost their margins in recent weeks.

West Bromwich building society, which had been offering the best-buy savings accounts, chose last week to lower its rates. It cut its Branch Easy Access Saver and No Notice Saver, for example, by 0.2 percentage points to 2.65% and 2.6% respectively. The move reduces the interest on the account by £100 a year on a £50,000 balance. West Bromwich said it had informed customers of the changes with adverts and emails from December 27.

In another move to spoil the party mood, Princes Building Society cut the interest on its one-year fixed-rate individual savings account for new customers by 0.4 percentage points to 2.8% and its two-year fixed savings rate by 0.2 points to 3.8%.

From tomorrow, borrowers with a standard variable rate (SVR) mortgage at Marsden building society will face a 0.46-point rate rise from 5.49% to 5.95%.

Skipton building society is also raising its SVR, which is now 3.5%, although only new borrowers are affected. Those who take out a new mortgage with Skipton will revert to a Bank rate tracker, set at 4.95%, when their deal expires. Woolwich has also changed its SVR to a Bank rate tracker in recent weeks, currently set at 4.99%.

Aaron Strutt of Trinity Financial, the broker, said: "It is worrying that they have set the margin so high."