

Mortgage brokers: www.trinityfinancialgroup.co.uk - 020 7520 9427

Rate rise for Bank of Ireland borrowers



Thousands of Bank of Ireland mortgage customers will face a payment shock Peter Morrison/AP

Leah Milner

Last updated November 7 2011 11:59AM

Around 14,000 mortgage customers with Bank of Ireland are set to see their rate hiked by nearly 2 percentage points from 2.99 per cent to 4.79 per cent after their home loans were sold to Nationwide Building Society.

The move will lead to a considerable payment shock for borrowers, as someone on a typical £150,000 repayment mortgage over a 25-year term will see a £150 increase in monthly payments from around £710 to £860. This equates to a rise of £1,800 per year. Last month, The Mortgage Works (TMW), which is part of Nationwide Building Society, acquired a book of £1.1 billion mortgages from Bank of Ireland.

The building society will be increasing the standard variable rate (SVR) for these customers to bring it in line with that of other TMW borrowers. The SVR is the rate that a borrower reverts to at the end of a fixed rate or tracker deal.

Aaron Strutt, of Trinity Financial Group, the mortgage broker, said: "Customers will be very annoyed that their monthly repayments will increase by such a large amount. This decision is likely to make life much harder for thousands of borrowers and if they can switch lenders they should look to move as soon as possible."

Around 10,000 Norwich & Peterborough Building Society borrowers received better news last week as following its merger with Yorkshire Building Society, their SVR was cut by 0.36 percentage points from 5.35 per cent to 4.99 per cent, equating to a reduction of £33 per month on a £150,000 home loan.