

Mortgage fees to watch out for

1. Valuation fees – average minimum cost £191 – charge for a formal valuation of your property. Costs rise depending on the size (and therefore value) of your home
2. Homebuyer fees – average cost £345 – fee for completion of a more thorough survey than the mandatory basic valuation survey. Recommended by the Royal Institute of Chartered Surveyors
3. Reinspection fees – average cost £585 – charge for a revaluation of your property, normally takes place if you refurbish your home or make small, basic extensions
4. Administration fees – average cost £108 – fee for associated admin work (eg. filling in forms, compiling documents, research, financial transactions, etc.) that can be added to a variety of functions performed by the lender
5. Deeds release fee – average cost £72 – charge for returning your deeds forms (documents declaring ownership of a property) to your solicitor. Can be known as a discharge fee
6. Porting fee – average cost £118 – quite rare, especially if you don't borrow additional funds. Charge for transferring your mortgage to a new property in the process of moving home
7. Telegraphic transfer fee – average cost £300 – electronic funds transfer fee if you request this form of transaction upon completion of your mortgage

Source: MoneyExpert.com

ACTION PLAN

- ❖ Consider all the charges on a mortgage and make sure you include them in your budget – or you may have to find hundreds of pounds to cover them at a later date
- ❖ Keep a close eye on soaring arrangement fees on fixed rate deals which have proved attractive to buyers following the recent interest rate rises

- ❖ As a general rule, the bigger the mortgage, the more important the rate is and the less important the arrangement fee is
- ❖ Negotiate better deals with the mortgage lender to help reduce the fees listed on our table

Useful contacts
www.telegraph.co.uk/mortgage
www.fsa.gov.uk or call 0845 606

The costs of a mortgage including arrangement fees: a two-year view

£100,000 mortgage

Lender	Rate	Fee	Monthly cost of 100,000	Size of Fee	Interest Cost 24 months	Interest Cost plus fee
Northern Rock	5.69pc	£0	£474	£0	£11,380	£11,380
Portman	5.34pc	£499	£445	£499	£10,680	£11,179
Woolwich	5.39pc	£995	£449	£995	£10,780	£11,775
Halifax	4.99pc	£1,499	£416	£1,499	£9,980	£11,479
Northern Rock	3.99pc	3.5pc	£333	£3,500	£7,980	£11,480

£250,000 mortgage

Lender	Rate	Fee	Monthly cost of 250,000	Size of Fee	Interest Cost 24 months	Interest Cost plus fee
Northern Rock	5.69pc	£0	£1,185	£0	£28,450	£28,450
Portman	5.34pc	£499	£1,113	£499	£26,700	£27,199
Woolwich	5.39pc	£995	£1,123	£995	£26,950	£27,945
Halifax	4.99pc	£1,499	£1,040	£1,499	£24,950	£24,950
Northern Rock	3.99pc	3.5pc	£831	£8,750	£19,950	£28,700

£500,000 mortgage

Lender	Rate	Fee	Monthly cost of 500,000	Size of Fee	Interest Cost 24 months	Interest Cost plus fee
Northern Rock	5.69pc	£0	£2,371	£0	£56,900	£56,900
Portman	5.34pc	£499	£2,225	£499	£53,400	£53,899
Woolwich	5.39pc	£995	£2,246	£995	£53,900	£54,895
Halifax	4.99pc	£1,499	£2,079	£1,499	£49,900	£51,399
Northern Rock	3.99pc	3.5pc	£1,663	£17,500	£39,900	£57,400

This table shows how much your mortgage would cost on an interest-only basis over two years, assuming that you had 24 months on the fixed rate. The amount, including the arrangement fee, is found in the last column on the right. The cheapest deals have been highlighted.

Source: Hamptons Mortgages 0207 220 1000