Finhawk Mortgages Ltd

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FINHAWK MORTGAGES LTD

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.

40 Apostle Way, Bishopdown, Salisbury SP1 3GS
dbeach@finhawkmortgages.co.uk | finhawkmortgages.co.uk | 01722 322911

Autumn Budget 2024: Winners and Losers

Chancellor of the Exchequer Rachel Reeves outlined the Government's financial plans for the next five years. The measures, which will raise up to £40 billion for public finances, aim to "restore economic stability" and put "more pounds in people's pockets".

On 30 October 2024, Chancellor of the Exchequer Rachel Reeves announced the UK Government's Autumn Budget alongside the Office of Budget Responsibility's economic and fiscal forecast. The measures aim to raise more than £40 billion in taxes, plugging an alleged £22 billion black hole in public finances left by the previous government. Reeves committed to drive economic growth, but also said that the Government wouldn't borrow to fund current spending whilst maintaining the Bank of England's inflation target of 2%.

Commenting on the Budget, Reeves said: "This Government was given a mandate to restore stability to our economy and begin a decade of national renewal. To fix the foundations and deliver change through responsible leadership in the national interest. That is our task, and I know we can achieve it."

So, what are the potential impacts of these new measures? Below we outline who stands to benefit from these changes and who might be negatively affected. Let's start with the positives.

The Winners

The NHS

The Chancellor pledged to significantly increase public spending on the NHS. Reeves promised a £22.6 billion increase to the "day-to-day" budget of the NHS alongside a £3.1 billion boost to its capital budget over the next two years. The Chancellor commented that this would be the "largest real term increase in NHS spending outside of COVID since 2010."

Sustainable transport and energy

Reeves also announced that the National Wealth Fund would be used to invest in key areas like gigafactories and green hydrogen plants across the country. Meanwhile, over £2 billion will be invested in supporting the automotive sector's transition to electric vehicles.

Property developers

Funds for the Affordable Homes Programme will increase to £3.1 billion to help Labour deliver on its promise to build over 1.5 million homes. Reeves said the Government would hire hundreds of new planning officers and make reductions to Right to Buy discounts, putting more money into the pockets of local councils. This news could incentivise investment in the UK's property market and make it easier for property developers to build new homes in the UK.

Driver

Reeves confirmed that the freeze on fuel duty will continue for another year, meaning drivers could save approximately £60 a year at the pumps. The freeze will cost £3 billion a year, but the Chancellor was clear that she wanted to ease "the burden on motorists". This move could help relieve the fiscal pressure on delivery drivers, couriers and supply chains throughout the country.

Young and low-income workers

The Chancellor announced that the Government is increasing the National Living Wage for workers aged 21 or over by 6.7% to £12.21 an hour (which could be worth up to £1,400 a year for a full-time worker) and increasing the National Minimum Wage for 18–20-year-olds by 16.3% to £10 an hour. Reeves also confirmed that National Insurance won't be increasing for workers. Increases to the National Living and Minimum Wages are intended to provide much-needed support to those on the lowest incomes.

Small businesses

The employment allowance for business will increase from £5,000 to £10,500, reducing the National Insurance liability of small businesses. The Chancellor said that this would mean around 865,000 would pay no National Insurance in 2025, providing welcome relief for SMEs who are struggling to retain an effective workforce and attract applicants without a hit to their profits.

The Losers

Employers

Reeves confirmed that employers' National Insurance contributions will increase to 15% from April 2025. The Government is also reducing the threshold at which employers start paying National Insurance from £9,100 to £5,000 per year. Furthermore, the Chancellor announced that the current freeze on income tax thresholds would end in four years. From 2028, personal tax bands will be updated in line with inflation.

These changes will have a direct impact on British employers, but they could also have a knock-on effect for employees. Many businesses use savings on National Insurance to fund pension contributions or employee benefits. If the increased burden of National Insurance contributions proves too harsh, employees could lose these benefits as a result.

New businesses and investors

The Chancellor announced an increase in the lower rate of Capital Gains Tax (CGT) from 10% to 18% and the higher rate from 20 to 24%. She noted that, even with these increases, the UK will still have the lowest capital gains tax rate of any European G7 economy. But some analysts argue that the move could alienate investors and even decrease tax revenue overall if investment is pulled from UK startups.

Foreign investors

Reeves also announced sweeping changes to the tax status for non-domiciled high-net-worth individuals operating in the UK. The Chancellor said that Labour would "abolish the non-dom tax regime, and we will remove the outdated concept of domicile from the tax system from April 2025."

The government is also set to extend the Temporary Repatriation Relief to three years with the aim of bringing billions of new funds into the UK. The independent Office for Budget Responsibility estimates that this could raise £12.7 billion over the next five years.

Second homeowners

The Stamp Duty land tax for owners of second homes (known as the Higher Rate for Additional Dwellings) increased to 5% from 31 October 2024. The Chancellor said that the move is designed to "support over 130,000 additional transactions from people buying their first home or moving home over the next five years." However, this increase could have an impact on landlords, property developers, and the owners of holiday homes and other rental properties.

Private schools

All education, training and boarding services provided by private schools will now be subject to VAT at the standard rate of 20% from 1 January 2025. Private schools also won't be able to claim back VAT on the supplies and services they pay for.

What's next?

The Autumn Budget contained several key changes that are likely to have significant impacts on individuals and businesses across the UK. There's a lot of information to process and it may not be immediately clear how the changes set out in the Budget will affect you. If you have any questions about whether you are a winner or a loser from the Autumn Budget, and how it will affect you and your finances, please get in touch.

The essentials you need to know about credit checks before borrowing money

The information a lender finds during a credit check is important – it could affect whether you're able to borrow money, including through a mortgage, and the interest rate you're offered. Yet, they can also seem perplexing.

Indeed, a **Royal London** survey found that a third of Brits had never looked at their credit report.

The good news is that we can help you cut through the jargon, so you feel more confident next time you apply for a loan.

Lenders usually carry out a credit check to assess how much risk you pose

Lenders carry out a credit check by looking at your credit report to understand how financially stable and reliable you are. Your credit report includes:

- Personal details, such as your name and address
- Borrowing and payment history
- Current borrowing and credit limits
- Details of people you're financially linked to, like your partner.

If their check indicates that you are more likely to default on repayments, a lender may offer you a higher interest rate, which would affect your repayments and the total cost of borrowing, or even reject your application.

Hard v soft credit check

Two different types of credit searches can be carried out – a hard or soft credit check.

A soft credit check happens when you review your credit report or a lender checks to see if you're eligible for certain offers. A soft credit check doesn't show up on your report.

A hard credit check is usually carried out when you've made a finance application, such as a credit card or mortgage, and the lender wants to take an in-depth look at your report.

Hard credit checks may be noted on your credit report for up to two years and will be visible to other lenders.

Several hard credit checks in a short space of time may affect your ability to borrow as it could indicate you're struggling to manage your finances. As a result, taking the time to understand which lenders are suitable for your needs could be useful as it may reduce the number of hard credit checks that are carried out.

A hard credit check can only be performed with your permission.

Don't worry if you're unsure about the two different types of credit searches and what they mean to you, we're on hand to talk you through it all.

6 useful steps you could take to improve the outcome of a credit check

1. By reviewing your credit report and score before applying for credit, you may have a chance to improve how lenders view you. Here are six steps you may be able to take.
2. Search your credit report for any mistakes and contact the provider to fix them
3. Register on the electoral register to demonstrate stability
4. Reduce your outstanding credit
5. Pay more than the minimum payment on a loan or credit card
6. Avoid late payments by automating bills
7. Be careful about applying for new forms of credit.

Speak to your adviser if you have any questions

If you have any questions about your credit report or are worried about what it means for your future, including the ability to secure a mortgage, please don't worry. You can contact us to discuss your concerns and plans.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

OPW_0018_A347_Feb24 | OW4972 Expires 20/12/24

Don't fit the mortgage mould? We can help you

If you've ever felt like you don't quite fit the conventional mould when it comes to securing a mortgage, you're not alone. In fact, more and more people are in the same boat, challenging the standard lending rules.

If you're self-employed, had a credit blip or over 50 you may have encountered challenges when applying for a mortgage because traditional mortgages don't always cater to everyone's needs. Luckily, there are specialist mortgage products designed just for people like you and we can help.

Self-employed?

Do you feel like you have to jump through more hoops when applying for a mortgage just because you're self-employed?

We understand the complexities of self-employed finances and can help you find the right mortgage product tailored to your needs.

Whether you're a sole trader, in a partnership, a company director, or a contractor, we'll guide you through the process and help you gather the necessary documents to prove your income.

Dealing with a credit blip

Don't let past credit issues hold you back from getting a mortgage.

We have access to specialist lenders who work with people with varying credit histories.

Whether you've had late payments, past debts, or no credit history at all, we'll help you explore your options and find a mortgage solution that works for you. We understand that life circumstances can impact credit, and we're here to help you.

Over 50 and need a mortgage?

Getting a mortgage in your 50s and beyond used to be a challenge, but things have changed!

With access to a wide range of mortgage products, including those with age-friendly terms, we'll guide you through the process and ensure you find a mortgage that fits your needs.

Whether you're looking to downsize, renovate your home, or explore new living arrangements, we'll help you find the right mortgage solution for this exciting chapter of your life.

How we can help you

We offer personalised guidance tailored to your unique circumstances and can help you if your financial situation, age, or employment status don't fit the traditional mortgage mould. Together, we can explore the options available to you.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Shared ownership: your guide to homebuying on a budget

Let's explore shared ownership and see if it's right for you.

What is shared ownership?

Shared ownership is a scheme set up by the Government to make it easier for people to buy their home. Instead of purchasing a property upfront, you can buy a share of it and pay rent to a landlord on the rest.

In England, the initial share of a property you can purchase is typically between 25% and 75% of its value, although for some homes it can be as low as 10%. You only need to pay the deposit on (and have a mortgage for) the share of the property you're buying.

The share you don't own is owned by a landlord, usually a housing association. You'll need to pay them rent on the share of the property they own, as well as any service charges.

You can usually increase your share in the property at any time, buying more of it from the landlord in increments until you own all of it – this is called 'staircasing'. The greater your share of a property, the less you'll have to pay in rent.

There are similar schemes available in Scotland, Wales and Northern Ireland, each with slightly different rules to the scheme in England:

- **Shared ownership in Scotland:** This scheme is aimed at first-time buyers and other priority groups. You can buy a 25-75% share of a property and pay an occupancy charge on the rest. See more on the **Scottish Government website**.
- **Shared ownership in Wales**: This scheme works similarly to those in England and Scotland, but your total income must be less than £60,000. See more on the **Welsh Government website**.
- **Co-ownership in Northern Ireland**: You can buy a 50-90% share of a property worth no more than £195,000 and pay rent on the rest. See more on the **NI Government website**.

Who is shared ownership for?

Shared ownership can be a great way for people who might not be able to afford to buy straight away to get on the property ladder. In England, you qualify for the scheme if your household income is £80,000 a year or less (£90,000 in London) and you can't afford to buy a home that meets your needs.

Other conditions usually apply too. For example, you may need to be a first-time buyer or be forming a new household (for example due to a relationship breakdown). You can check the full eligibility criteria on the **Government website**.

Advantages to shared ownership

Buying under shared ownership means the upfront costs are lower because you only need to cover the deposit (and get a mortgage for) a share of the property rather than the entire value. You may also find it easier to get a mortgage because you'll be borrowing a smaller sum from a lender.

The scheme allows you to buy your home gradually, making it easier for you to work towards home ownership if you're on a budget. You can usually buy shares of 10% or more at a time, purchasing over a period that works for you until you reach 100% ownership.

Shared ownership also typically offers more security than traditional renting. If you pay your rent and mortgage repayments on time, you can usually remain in your home for the entire length of the leasehold if you choose.

Things to watch out for

Shared ownership properties in England are always leasehold, meaning you own the property but not the land it's built on. You'll usually have to pay service charges on these properties, and you may need to extend a shorter lease to avoid problems in the future, which can be expensive.

The cost of staircasing can also be significant. You'll have to pay for the property to be valued every time you buy more shares, and the price of these shares will be affected by the housing market. If house prices in your area go up, you'll pay more.

Selling can also be complicated if you own less than 100% of your home. You must formally notify the landlord of your intention to sell, and they usually have the right to first refusal. This means they can try to sell their share in the property to another owner, which can take several weeks. If they can't sell their share, you may end up being responsible for selling it on the open market (and paying for any associated fees).

We can help you navigate shared ownership

We're here to help you understand shared ownership and determine if it's the right option for you. We can explain how it works, discuss your circumstances, break down the costs and explore alternative home ownership options to help you decide if shared ownership is right for you.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

OPW_0166_A560_Oct24 | Expires 18/09/2025

Overpaying your mortgage: should you do it?

Hardly a day goes by without the cost of living hitting the headlines.

For many homeowners the increasing costs of owning and running a home is having a huge impact on household budgets. Even if you are near the top end of your monthly budget or are expecting a 'payment shock' when you come to remortgage next, you may be wondering whether it's worthwhile paying more than the minimum repayment each month, with the aim to save money in the long run.

So, what are the benefits of making mortgage overpayments?

- **Mortgage-free sooner**
  Overpayments can either be a one-off lump sum or a regular overpayment made throughout the year. Overpaying on your mortgage means you can potentially clear your mortgage balance quicker.
- **Reduce the amount of interest you pay**
  It could also make sense to overpay on your mortgage rather than keep your money in a savings account, because you may earn more in interest savings on your mortgage than you could earn in a typical savings account.
- **Access to better rates in the future**
  Lenders will offer you better rates if you have a lower loan to value. The more you can pay to reduce your mortgage, the potentially lower interest rates you'll have when you come to remortgage to a new deal.

Are there any downsides to overpaying your mortgage?

Overpaying on your mortgage might not be right for everyone. Using savings to overpay on your mortgage could leave you with less cash to fall back on in an emergency.

Not all lenders have the same rules for overpaying and there may be a penalty fee called an Early Repayment Charge (EPC) if you overpay too much.

You should only make overpayments if you're sure you can afford them. It's a good idea to make overpayments if you already have an emergency fund, and you don't have any other, more pressing debts that need to be repaid.

It's always a good idea to discuss your options with an adviser, we can help guide you through all your mortgage options including advice on making overpayments.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Here's how financial protection can offer security for parents

Serious illness can place immense stress on our families. The cost of caring for an unwell child, worry over access to essential services, and the emotional toll of serious illness are all things that no parent wants to think about.

We can't predict what the future will hold for the health of our families, but we can take proactive steps to prepare for the risk that we or our children might become critically unwell.

Appropriate financial protection can be a vital safety net for parents, providing essential cover for children and easing the pressure of caring for them.

Critical illness payouts can help you care for your child

No parent wants to consider the possibility of their child becoming seriously ill, but planning for the worst can offer the greatest peace of mind. Robust and appropriate financial protection can help shore up your finances and allow you to focus on caring for your child.

Critical illness cover pays out a lump sum if you are diagnosed with an illness covered by the policy. Many of these policies include cover for a child of the policyholder, paying out a proportion of the full amount if they become seriously ill. This payout provides a financial safety net, covering your expenses and allowing you to take time away from work to care for your child.

Critical illness cover may also come with other benefits that can offer further support for your family, such as:

- A payout if your child is hospitalised because of an accident.
- Cover for the cost of accommodation so that you can be close to your child if they're in hospital.
- Childcare costs if you're diagnosed with a serious illness that's covered by your policy.

The cost of critical illness cover varies depending on how large you want a potential payout to be, as well as other factors like your age and general health. It's important to note that you'll only be covered as long as you keep paying your premiums.

Children are often automatically included in critical illness cover but this isn't guaranteed. Contact your provider for clarification and be aware that your premiums could rise if you add a child to a policy that doesn't already cover them.

Cover for a child typically starts from the first few weeks after birth and lasts until they're 18, or 21 if they're in full-time education, but this can vary between providers. There may be other restrictions to critical illness cover that you should be aware of – some policies will only allow one claim per child whilst others might exclude certain conditions that are present from birth.

It's important to check the details of critical illness cover thoroughly when comparing your option to make sure that you're buying the right cover for your circumstances.

Private medical insurance could help provide better care for your family

You may want to consider taking out private medical insurance to compliment the security that financial protection could offer you. The Guardian reports that the private health insurance market has grown by £385 million in the last year. At the same time, rising wait times and staff shortages are causing public satisfaction with the NHS to slump according to the long-running British Social Attitudes survey.

Private medical insurance can help to put your mind at ease by reducing waiting times for a range of services (like tests and consultations) whilst giving you a wider choice of treatment providers. It could also help to cover the cost of a private room, giving you and your family greater privacy if you need to stay in hospital overnight.

Private health insurance can cover much more than just physical illness. Some providers offer access to counselling and mental health services which are becoming increasingly important for the wellbeing of younger generations – the number of children and young people seeking support for their mental health increased by 25% from 2022 to 2023 according to data from Aviva.

The cost of private health insurance and the level of cover you'll receive are influenced by a range of factors, including who you want the policy to cover, your lifestyle, and family medical history. It's important to take the time to understand how comprehensive your options are and any exclusions that might affect your family.

Talk to us to see how we can help protect your family

Financial protection is just one way that you can prepare for the unexpected. Get in touch if you'd like to know more about financial protection for your family against serious illness.

Please note: Financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. Cover will lapse if premiums are unpaid. Cover is subject to terms and conditions and may have exclusions. Definition of illnesses vary between providers and will be explained in policy documentation.

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Should I consider private medical insurance?

Life can be full of surprises. You can't be prepared for everything. You may have some insurance to support you financially if the unexpected happens, but have you considered how private medical insurance might offer you and your family the peace of mind you need if your health takes a turn for the worst?

A growing trend

According to data published by The Telegraph, close to half a million people have taken out private medical insurance over the past year, as NHS waiting lists hit record levels this autumn. According to government statistics almost 7.8 million people were waiting to start routine hospital treatment in September 2023.

Against this backdrop, it's hardly a surprise that more people than ever are considering the benefits of private medical insurance including faster access to medical treatment for themselves and their families.

It's not just speed of access, it's also about the quality of care you receive, the flexibility of choosing where and when you would like to receive treatment, and the range of treatments, medicines, facilities and consultants available to you. Cost-restrictions in an already stretched NHS mean that not all breakthrough treatments are accessible. With private medical insurance you can sleep easy, safe in the knowledge that the very best care is available.

It's more affordable than you think

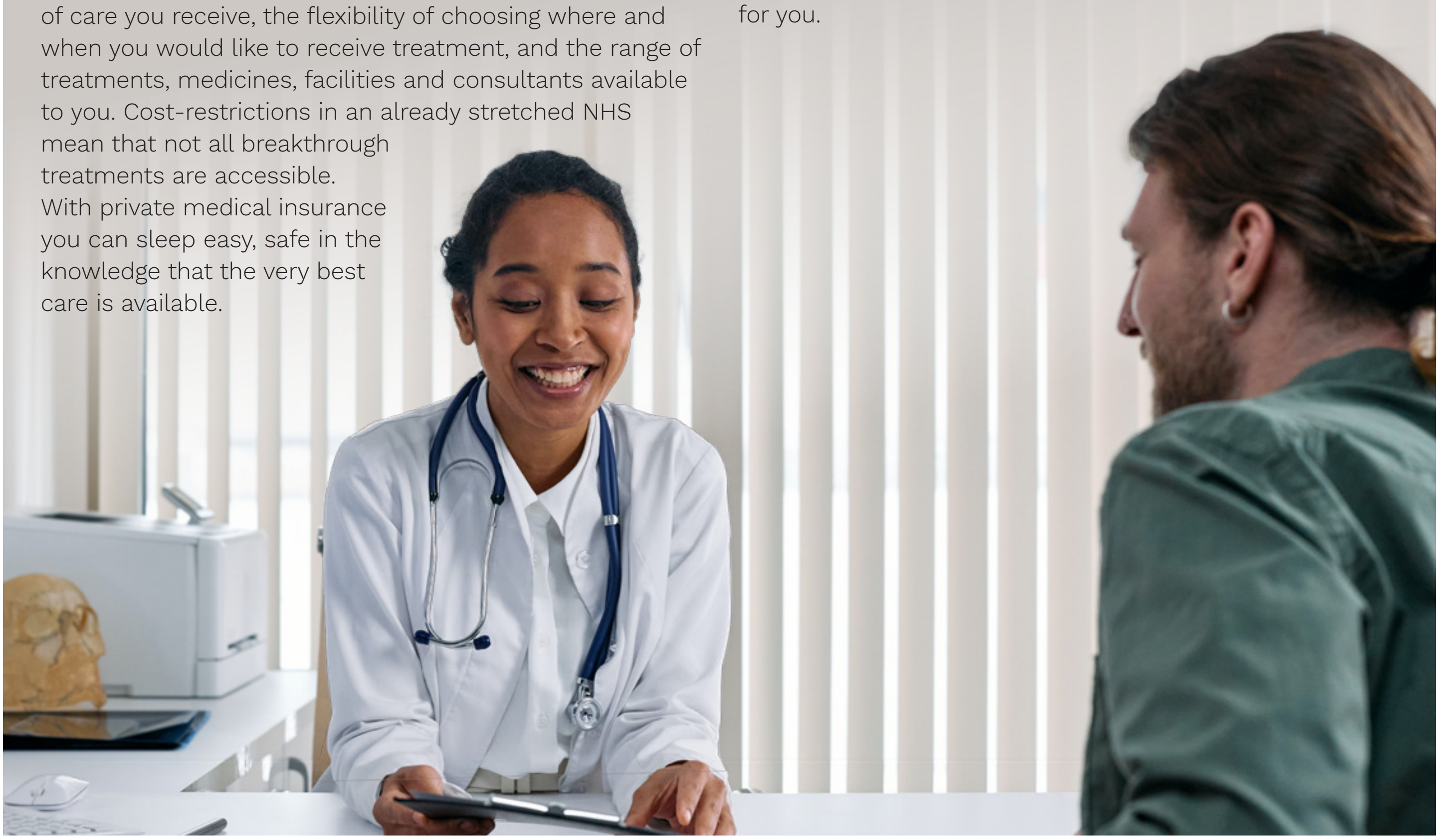
Avoiding lengthy waits for treatment and quality of care are just two of the biggest attractions of taking a route which has traditionally been seen as too expensive for most. But through our specially selected health insurance partner we can help you find the right policy for your budget. If you already have private medical insurance, we may be able to find you cheaper premiums for your circumstances, and all with a free no obligation quote.

The pandemic provided a reminder to us all of just how precious good health is – and acted as a reset for many. Health became a priority, and continues to be so. Spending money on private medical insurance may not have previously been a priority but protecting you and your family over the long-term means a growing number of people are taking the time to consider a more proactive approach to getting the treatment they may need.

We love our NHS but we know the pressure it's under

We have nothing but respect for the hard-working and talented individuals who make the NHS what it is. But we also know that the service that has given so much to so many is under unprecedented pressure. We also know that there is often a faster and better alternative.

We can make sure you get all the information you need to decide whether private health insurance is the right option for you.



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