

New Year Resolution

By Chris Morgan

How many of you have been spending the holiday season thinking about reviewing your finances?

Over the last couple of months we've been helping one local couple protect their mortgage rate and save money on their Life Assurance. Ironically, both their mortgage and Life Assurance changed over to new product providers on the 1st January.

Currently Mark and Victor previously held a mortgage with Northern Rock, with an outstanding balance of £102,000 and a monthly interest payment of £418 per month. The problem is that their fixed rate was coming to an end and they were both very concerned about the possibility of rising interest rates.

Mark and Victor Said,

'With so much uncertainty in the world at this time it seemed sensible to fix our mortgage payment again, but the one being offered by our current lender seemed a little expensive. We wanted the security of knowing that our payments were not going to rise during the next five years.'

Mark and Victor Continued,

'If we were going to review our mortgage we also decided that we would like to check we also have the lowest premium for our Life Assurance. When we took out our existing plan the insurance company charged Mark an additional premium because he suffers from high blood pressure'.

Mark and Victor's Life Assurance policy was for a sum assured of £105,000 decreasing over 22 years directly alongside their mortgage. The original premium was £108.75 per month, but following disclosure of Mark's high blood pressure the premium was increased to £135.00 per month.

Here's some New Year's Financial Advice

It's fair to say that some banks have been affected by the recession more than others and you should therefore pay special attention to any repeat deals being offered to you by your lender. Many banks rely on customer complacency with them taking the first deal that they are offered.

With banks and insurance companies all looking to recoup profits, it's also become very common for additional 'loaded premiums' to be charged on new Life Assurance, Critical Illness Cover and Income Protection policies even for some fairly common pre-existing medical conditions.

With over fifty Mortgage lenders, fourteen Life Assurance Companies and literally thousands of different products available in the market place it makes sense to run a comparison through an Independent adviser before committing to any new financial products.

So, Mark and Victor?

We arranged a new fixed rate mortgage at a rate of 4.69% for the next five years, with free valuation and solicitors fees at a monthly interest payment of £402 per month. We also rearranged their Life Assurance with a company that were friendly towards Mark's High Blood Pressure at a lower premium of £105.00.

Over the remaining term of both the mortgage and life insurance plan this means a total saving of £12144!

Chris Morgan is a freelance financial journalist and a qualified Independent Financial Adviser. He is the Marketing Manager of Compass, The Gay Mortgage and Insurance Advisers. He can be contacted by Phone: 0845 474 3075 Email: Enquiries@compassindependent.co.uk or by Web: www.compassindependent.co.uk