

## Research Reveals Fees On Fixed Rate Deals Are Rising

*People should be careful not to automatically select the first cheap mortgage deal that comes along as the cost of fixed-rate products rises, a new study reveals.*

April 15, 2008 (FPRC) -- Research conducted by mform shows that over the past 12 months application charges on some of the cheapest fixed-rate deals have surged. In April 2007, fees on the five best-buy two-year fixed products stood at 999 pounds. However, at present such costs have reached 1,478 pounds. Meanwhile, fees on three-year deals have increased from 578 pounds to a current figure of 1,132 pounds.

Following on such from higher fees, homeowners may see that despite taking out a fixed-rate mortgage product they continue to experience difficulties with managing numerous monetary demands. Such areas may well include personal loans, utility bills, credit and store cards and transport costs.

With a reported 116,000 Britons set to come to the end of their fixed-rate mortgage deal each month, it was stated many could be in line for a "shock" due to the increased fees on their new borrowing. As such, consumers were urged to take the time to ensure that they are getting the best fixed-rate deal possible.

Francis Ghiloni, marketing and business development director for mform, said: "After all the panic of recent weeks in the mortgage market people may be tempted to grab the best deal they can and may focus on rates to exclusion of everything else. They could be in for a nasty shock when it comes to the fee which is charged as they have rocketed in the past year. They should be focusing on the true cost of their loan taking into account fees as well. There are still good deals out there for people with strong credit ratings and with substantial deposits or equity in their home. Unfortunately many will not be eligible for them as lenders are increasingly taking a hard line."

It was also revealed that at present the West Bromwich Building Society offers one of the cheapest two-year fixed-rate mortgages, charging 5.49 per cent. HSBC and the Cheshire Building Society were also cited as those providers with fixed-rate deals of less than six per cent. Meanwhile, products from Halifax and Lloyds TSB Scotland were shown to be among the most competitive for three-year deals. Here the money lenders were indicated to be charging interest rates of 5.69 and 5.54 per cent respectively.

For those concerned about how the prospect of higher mortgage costs will effect their overall capacity to manage their finances, taking out a consolidation loan might be of assistance. By applying for such a loan, consumers may be able to merge numerous monetary constraints - including areas such as mortgage repayments, credit card arrears and pre-existing loans - into a single affordable monthly payment. Earlier this year, David Kuo, head of personal finance for the Motley Fool, claimed that getting a debt consolidation loan can "make sense if you are faced with a myriad of claims on your money". Pointing out that four out of ten consumers have made an application for a consolidation loan, Mr Kuo advised those seeking out this type of borrowing to take steps to ensure they do not go back into the red.

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**Contact Information**

For more information contact Abbi Rouse of All About Loans (<http://www.allaboutloans.co.uk>)

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