

First-Time Buyers Face Challenge to Get a Mortgage

A recent report has shown that first-time buyers are not being given access to mortgages readily.

March 21, 2013 (FPRC) -- A report by the Financial Services Authority (FSA) demonstrated that 2 per cent of mortgages approved during the final quarter of 2012 were to first-time buyers who had a deposit of 10 per cent and lower. At the beginning of 2012, 2.32 per cent of mortgages were granted to first-time buyers borrowing 90 per cent loan to value or higher. This figure further decreased to 2.08 per cent of borrowers being granted a mortgage by the end of 2012.

The number of high loan to value mortgage loans being approved for first-time buyers were at the same levels during 2012. Despite the rates for fixed rate mortgages falling to their lowest levels in years, first-time buyers with small deposit amounts were failing to get approvals and access to lower interest mortgage products being offered by lenders.

The Government launched the Funding for Lending scheme in September 2012 to encourage lenders to lend high loan to value mortgages to first-time buyers with small deposits. The scheme is also designed to lower the cost of mortgage products for borrowers to help get them onto the property ladder to buy new homes for sale. However, the initial funding has not reached borrowers with small deposits as widely as expected and they are still finding it hard to buy a new home.

It is also hoped that the Help to Buy Scheme, launched by the Government in the latest 2013 budget, will improve the access of mortgage lending to first-time buyers with a 5 per cent deposit.

Notes to Editors:

What House? is a leading property website that features thousands of new homes in the UK as well as new homes in Scotland. It also provides the latest property news, valuation of homes and property and mortgage advice. Over the last 31 years, What House? has held their annual What House? Awards, which are the longest established New Homes awards in the UK recognising UK house builders and developers across 21 categories.

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