

Brokers back bank rate alert

Mortgages

By Paul Thomas

Mortgage brokers have welcomed the Bank of England's warning to homeowners that it is looking to raise bank interest rates to 5 per cent.

BoE executive director of markets Paul Fisher, who is a member of the bank's monetary policy committee, said BoE policymakers would like to raise rates to around 5 per cent as soon as possible.

First Action Finance head of communications Jonathan Cornell believes the warning is a positive move. He says: "I think it is a very wise thing to warn home owners about future rises. There are a lot of people out there who forget that base rate is at an all-time low.

"I think we are going to see a lot more remortgaging starting to happen as advisers pick up the phone and tell customers that rates are only going to go one way and it is probably a good idea to remortgage now."

London & Country head of communications David Hollingworth says: "It is dangerous for borrowers to feel that 0.5 per cent is the natural level for base rate, when it is a record low that has to rise.

"Even 5 per cent would be low compared with historical levels. It is quite sensible for borrowers to always have that in the back of their mind."