MONEY BOX LIVE

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LEWIS: Hello. The UK economy is in "deep recession". That's the warning today from the governor of the Bank of England. His remarks came shortly after the government revealed unemployment was at its worst since 1997. Just a shade under two million people looking for work. But today we're talking about mortgages and there are some signs, despite those gloomy pieces of news today, that the mortgage market has at least begun to settle down after the shock of the credit crunch and five consecutive cuts in the Bank rate. Two straws in the wind. After 10 months of falling steadily, house prices rose slightly in January - at least according to the survey by Halifax. Although prices were down 17% on the year, they ticked up 1.9% on the month. Now even Halifax says treat their figures with care, and a similar survey by their rivals Nationwide show prices were still falling - 1.3% down in January. There were also slightly conflicting figures for mortgage lending in December. The Council for Mortgage Lenders says we borrowed 11% less than the month before and barely half what we borrowed this time last year, but the Bank of England says in the same month the number of loans for house purchase, rather than remortgages, was actually up slightly. So are we all getting used to the era of high deposits and low interest rates, falling prices and tough credit checks? Perhaps you're a first time buyer struggling to get a loan, perhaps you're on a fixed rate and wondering with envy how to jump on to those trackers plunging towards zero. But you set the agenda by calling Money Box Live now. The number is 03700 100 444. We're also taking your e-mails - moneybox@bbc.co.uk. With me to answer your questions today about mortgages are Melanie Bien, a director of Savills Private Finance; Paula John, editor in chief of

Your Mortgage magazine; and Simon Tyler who's managing director of Chase de Vere Mortgage Management. And the first question is from Elaine in Harlow. Elaine, your question?

ELAINE: Yes, hello there. I have a fixed mortgage running until 2012 of 5.5% and I have 50% equity in the property. Now I can't pay any more than my current monthly repayments, but obviously I'd like something better, so should I try to find a new mortgage provider and accept the £1,500 or so early repayment charge and risk that the interest might suddenly rise and being unable to pay? I mean what does your crystal ball say?

LEWIS: *(laughs)* You're looking for the best deal, the best deal in difficult times. Well let's start with Melanie Bien. Melanie?

BIEN: Well hi, Elaine. Much depends on the size of your mortgage and the penalties you have to pay to get out of it. We're getting lots of people coming to us who, like you, took out fixed rates fairly recently and are now seeing you know much cheaper deals available. So it really depends on a case by case basis and you need to work out you know the cost basically - getting out of the deal you're on at the moment; the new fee you need to pay to get another deal - and then whether it's worth your while. So it's very important to just you know work out the total costs.

LEWIS: Yes, I mean is it just arithmetic? There's some element of risk though in doing anything, isn't there? Paula John?

JOHN: Well it depends. If you go for another fixed rate, of course, you could get a lower fixed rate than you're on, Elaine, and then there wouldn't be any risk attached. So it is pure arithmetic and you know the larger your mortgage, the more relevant the actual rate is. So if you've got a big mortgage, then it's more likely to work out in your favour going through a remortgage and paying that ERC. But, yes, you can obviously expect to pay your redemption charge of £1,500, plus probably over £1,000 for the new deal, so you do need to do the maths.

LEWIS: Yes, you've got to pay for the new deal, Simon Tyler, don't you? How does the arithmetic work out? What is the best deal that Elaine or people in her position might look for now?

TYLER: Well I think I would be looking to compare it with another fixed rate because we don't know where interest rates are going at the minute, but more than likely they're going to come up. They've never been down as low as 1. If you're going to look into the future, I'd say variable rates will increase and margins are very high on new variable rate mortgages. So if you're comparing the same period, so you've got three years to go on your mortgage, Elaine, the latest three year fixed rates or the cheapest ones are at 374. That's come out today.

LEWIS: 3.74?

TYLER: 3.74%. So that's a saving of 1.6%. If you do that over three years, you're going to be saving 4.8%, which is a reasonable amount of money to save as long as the costs of getting in and out are less than that. Now I work that out to be about £2,500. So if your mortgage is anything more than £50,000, there's a good chance it's worth considering doing a like for like swap of one fix for another, but you've still got to pay for valuation fees and all those sort of things as well.

ELAINE: Right, thank you very much.

LEWIS: Okay. Thanks very much for your call, Elaine. I mean we've had a number of e-mails as well - similar but slightly different. Emma e-mails us. She has a fixed rate five year mortgage just about to end, so obviously no redemption fees for getting out of the deal. 'What's the best thing to do? Should I fix to two, three or five years or just go on the standard variable rate?' Simon?

TYLER: Well it's very much horses for courses again. I mean I'm a great believer in the security and long-term sense in taking fixed rates out, and at the moment if you're coming out of one five year fixed rate, then you're clearly used to taking longer term fixed rates. The best five year fixed rates now are about 4.25%, which makes sense, it's cheaper. You could even look at a 10 year rate, which are looking very competitive as well now. Very unusual for people to look that far in advance though.

LEWIS: But with standard variable rates so low, Paula John, people are tempted, aren't they, to think oh well no point in reapplying, paying fees and everything. I'll just stick with what I've got and take the chance and then maybe fix it when rates begin to start drifting up.

JOHN: Absolutely, people are sticking on their existing lender's variable rate because it's easy and it can be extremely cheap depending on which lender she's with, Emma's with of course. Or people are also going for drop locks where you actually… you go into a rate now, you have the option to lock into a fixed rate at a later date. So that's another thing to consider. Obviously though you can understand people looking at things like trackers and so forth. I mean there aren't many of them around anymore, but people are looking with envy at those people who fixed… who took out trackers…

LEWIS: *(over)* Well yes, a year ago - yes indeed.

JOHN: … and they're wondering if those are around. They're just not around anymore, so there's no point going out looking for those.

LEWIS: No, the chances are you'll be tracking things up rather than down.

JOHN: Exactly, exactly. Having said that, there are some very attractive looking rates out there depending on the deposit you've got, but the best sort of ones have been… First Direct are offering 2.89% if you've got a 20% deposit. Now, as we were saying, it's likely that that will increase over the year rather than go down, but it's not necessarily going to increase. We could see 0% interest rates this year, so it could make sense to go for that. No certainty though obviously.

LEWIS: And, Melanie, just before we go to the next call. 20% deposit mentioned. Is it the case, as it has been for the last few months, that you need a big deposit to get the best deals? And what is the deposit you need really?

BIEN: Yeah, that hasn't changed at all. I mean lenders are still preferring to lend to people with you know 40% if they have it or 25%. That gets you a fairly attractive rate as well.

LEWIS: So that's okay for remortgages. But first-time buyers - that's pretty tough, isn't it?

BIEN: That's extremely tough and that's why first-time buyers have virtually disappeared in this market. Unless they have parents to help them with that sort of deposit, they just can't get on the ladder.

LEWIS: We'll come onto first-time buyers later, I'm sure. But now we're going to Halesworth where Lee has a question. Lee? Leah. Leah, your question?

LEAH: Leah. Yes, hi, hi everyone.

LEWIS: Sorry, Leah. Can't read my own writing. What's your question, Leah?

LEAH: My question is we have a mortgage of £150,000 on a 5.09% fixed rate coming to an end at the end of April. I recently lost my job and as I was the main breadwinner we may face a situation of not being able to pay our repayments, which is something we never imagined. We've spoken to the bank. We may get an interest rate holiday. But my question is what choices, if any, do we have other than staying with our existing lender. Our lender is First Direct. You know they're pretty good, but their standard variable rate at the moment is 3.69% and that's a lot higher than I've seen elsewhere. What options do we have without a decent income? My husband's on an income of £18,000 and he's retraining to be a teacher, but you know the last time we got a mortgage I had a salary of £70,000. Where do I go to get a new mortgage at the end of April?

LEWIS: And even if you just stick with First Direct and go to the 3.79%…

LEAH: 6.9

LEWIS: …69%, that's going to be too much for you?

LEAH: It's a lot, yeah.

LEWIS: Melanie Bien?

BIEN: I would just say that actually that 3.69% is quite attractive. I mean there are a few lenders - Cheltenham & Gloucester, Nationwide, Lloyds TSB - who have 3% and that's their SVR. 3.69% is not that much higher and actually historically that's an excellent rate to pay on a mortgage. You are going to have a problem remortgaging elsewhere if your income has dipped massively because obviously lenders will want to see evidence that you can afford the mortgage. So I think your best bet really, I think, is to stick with your existing lender. Speak to them and see if you know there are potentials of payment holidays. I mean I don't know how long it would perhaps take you to find another job or be in a position to pay the mortgage again.

LEAH: Neither do I. *(laughs)*

BIEN: But if you talk to your lender about that because you know they keep going on about treating customers fairly, how they're going to you know work with the borrower. It's well worth speaking to them you know before you get into a situation where you're missing payments, for example.

LEWIS: Paula John?

JOHN: Yes, absolutely, Leah. It's great that you have spoken to them already and there is a chance of getting an interest rate holiday, which they should follow through on. You really don't have any other option now. I don't think any other lender would take you on. Well they *won't* take you on.

LEAH: They won't? Even if your credit history is impeccable?

JOHN: Not with a mortgage of £150,000 and an income of £18,000. It just doesn't stack up, I'm afraid.

LEWIS: It's nine times, isn't it?

LEAH: I didn't say, we have equity of over 60%.

JOHN: Oh you do, okay. You're still looking at a high income multiple there on the £18,000, so until you're actually earning, and probably have been for a while, you'll be stuck with First Direct. But, as Mel said, actually the rate that they're offering… You know if they will offer you an interest rate holiday to help you through this difficult patch, that's what they should do and that would be great. You will be stuck with them for a while, but their rates are not that bad.

LEAH: No, no, they're not - not at all.

LEWIS: Four to five times income used to be possible, but not at very low incomes because of course it's high incomes where you've got more disposable income. With a low income, it all goes on the essentials really, doesn't it?

JOHN: That's right. And also lenders are looking at lower income multiples now anyway. They're being more conservative.

LEWIS: Yes. Simon?

TYLER: If I may suggest, I mean yes there are cheaper variable rates. Variable rates are available to people who are at the Halifax or… sorry, the Nationwide or Lloyds, both of which are at 3% - only for existing customers. They don't offer it to any new customers at all. So you're not going to get anything cheaper even if you could remortgage. So that's the first point. The second point is if you're paying 3.69, I would convert the mortgage to interest only immediately because that's going to bring your costs down to about £440 a month. It doesn't get your mortgage repaid any quicker, but it gives you more of a lifeline while income is low.

LEAH: Yes, we've done that. *(laughs)* We've converted it already.

TYLER: Good.

LEWIS: Yeah. And then hopefully well your husband retraining to be a teacher, he'll get more income, and then you may get your next job. So it's really tiding you over this period, isn't it, Leah, and trying to cope.

LEAH: Yes, it's purely that.

LEWIS: Anyway it seems best to stick with First Direct because you won't really get one from anywhere else.

LEAH: Okay. You've answered my question. Thank you very much.

LEWIS: Thanks very much for your call, Leah. Thanks very much. And we're going to Wimborne now where Ann has a question.

ANN: Oh good afternoon.

LEWIS: Hello Ann.

ANN: My question is can my mortgage lender refuse to allow me to switch from repayment to interest only?

LEWIS: Right.

ANN: I own 85% of my home at today's value, so I have a mortgage that represents just 15%. The mortgage is £43,000. If I can switch to interest only, it would bring my repayments down from £300 a month to £60 a month. I have also just lost my job, which means my income has halved. And I asked my lender if they would do it. They said yes. I sent them the £50 fee, which they banked. And after banking it, they wrote to me saying, 'We have withdrawn this offer, so we will be refunding your cheque'.

LEWIS: So your view is they'd agreed to a deal, you'd paid for it, they'd accepted it, so that was a contract in a sense?

ANN: That's what I understood.

LEWIS: There's a certain astonishment among the panel members, I have to say. Simon, let me start with you.

TYLER: Astonishment doesn't really cover it, to be honest. In these circumstances when lenders are being encouraged to be responsible and help everybody and the government has announced that they're encouraging their lenders to help, this seems absolutely nuts. If you can reduce your costs to £60 a month because you have much restricted income because of the economic circumstances and you have a massive amount of equity in your property, I cannot understand why a lender would do this. They do need money, but they don't need your £200 a month that badly, as far as I understand it.

LEWIS: Paula, is this something to take to the complaints procedure?

JOHN: Absolutely! It shouldn't have got this far, quite frankly. Are we allowed to name the lender?

LEWIS: Well I'll ask Ann who it is. Who is it, Ann?

JOHN: *(laughs)* Name and shame them on air.

ANN: Okay, it's the Woolwich.

LEWIS/JOHN: *(simultaneously)* Right.

ANN: And even when the branch manager (who arranged the mortgage for me) rang the complaints manager, he was as stonewalled by them as I was. You know that's reading from a script.

LEWIS: There is a formal way of going through a complaints procedure, isn't there?

ANN: Yes, I have a code number for it as well.

LEWIS: Right and you've started that process. And if they say no, then it's Financial Ombudsman time. But it seems a terribly long-winded process.

ANN: Well what they've done is they've sent me a pack saying 'Just the facts about what to do when you can't pay your mortgage' and then there's this ghastly budget sheet. And I thought well why should I be put through that? I was only asking to switch.

LEWIS: And one of them obviously is switch to an interest only mortgage. Melanie Bien, have you come across anything like this?

BIEN: Well some lenders are changing their rules on this. You know they want to encourage responsible borrowing and are cutting back on you know borrowers going into…

LEWIS: *(over)* But that's what this is, isn't it? In these circumstances, this is exactly what people should do for a short period of time.

BIEN: Well absolutely. You know she's got a tiny mortgage relative to the value of her home. She's done the right thing, she's approached the lender. You know she's in a difficult position. They've agreed it and now they've changed their minds. I think you know the fault really is with them and they should at least honour this case.

LEWIS: Right, well we all think the same and I'm sure you think the same. I think it's a question of pursuing your complaint and seeing what happens and trying to keep up your payments meanwhile.

ANN: Yes.

LEWIS: Thank you very much for your call. It's an interesting issue. We're now going to Bristol. Chris has a call. Chris, what's your question?

CHRIS: Hi. Yeah, my partner and I are both 25. We have stable jobs and we're looking to borrow about £200,000 to buy a house. We want to make the most of the economic downturn, but we don't have the 25% deposit. We're nearly there with £35,000, but every time we go into a bank we get offered very high interest rates.

LEWIS: Yes, so that's about 15, 17%, isn't it? Right, so you're looking for a mortgage. You've both got stable jobs.

CHRIS: Yeah.

LEWIS: What sort of mortgage can you get? Simon?

TYLER: Well you're getting very close there to an 85% mortgage, it sounds like to me. If you could manage that, then that makes a lot of sense. The rates are higher, there's no doubt about it. As we've said already, the best mortgages are available at 60% loan to value. Then they go up at 75. Then they go up again and 90% is pretty unlikely at the moment for most people. However, just looking down the table here, you'd be paying something like 5.85 for a fixed rate for a couple of years, which, although you say is expensive, in the market today if that's all that's being offered, then you just have to grin and bear it and take the view that if you are taking advantage of the downturn and property prices are lower, then with the fullness of time you're going to make more money on the capital appreciation than you would do on saving 1% on your mortgage.

CHRIS: Right.

LEWIS: And would your income sustain this mortgage, Chris?

CHRIS: Oh this is what really frustrates us because the payments, I mean we could make massive payments into the mortgage but it doesn't seem to help us.

LEWIS: Right. So you've been turned down, have you?

CHRIS: We haven't been turned down, but it just seems we hear the interest rate is going down to 1% and obviously we're getting offered 6, 7%. It doesn't really quite seem fair.

LEWIS: No, it doesn't seem fair at all. Paula John?

JOHN: We're getting quite a few first time buyers in this conundrum. Obviously they do want to take advantage of falling prices, they think they can negotiate more off asking prices because prices are set to fall further, and yet you go along and the best rate you can get is 5.85 when actually the best rate in the market might be say something like 2.89%. Now it sounds high - 5.85 sounds relatively high. In historic terms, it's not. And actually if you look at the figures, your monthly repayment figures. Just to give you a couple of examples - sorry to talk numbers - but at 5.85 on a 200 grand mortgage, you'll be paying back something in the region of £1,270 a month. On the cheapest rate out there at 2.89, you'd be paying back £950. So, yeah, it's 300 quid, which is not to be sneezed at obviously, but it's not a *vast* difference. This is all on a repayment type mortgage. And, as Simon pointed out, if you can get a bargain, if you can get into the market now and get a good price on the property and it does come back in the next couple of years, then it really will have been a price worth paying. So it's all relative when you talk about high interest rates. If you go back five years, 5.85 was actually the best thing you were going to get on the market, so it's worth bearing that in mind. I know it looks bad, but it's really not.

LEWIS: So I mean I suppose really, Melanie, it's back to the old thing - you know a house is somewhere to live. If you need one and you can afford it, buy it and don't worry about the finances.

BIEN: Yes, I think we've gone too far the other way of seeing a home as an investment, a way of making extra money; and if this sort of downturn of the last 18 months or so has taught us anything, it's that that's no longer the case. And you know if you plan to stay in a property for several years, you know historically prices do rise over that time. So you know it does tend to be a long-term punt really, buying a home, and not a short-term way of making money.

LEWIS: So if you can get the mortgage, Chris, I think it's a case of grin and bear it or grit your teeth and bear it…

CHRIS: No, sounds good. Thank you very much.

LEWIS: … and find somewhere nice to live with you partner.

CHRIS: We will do.

LEWIS: Thanks very much for your call. Let's go to an e-mail now. This is from Tiffany. It's just come in a few moments ago, I think. 'I have a 100% mortgage with Northern Rock, two year fix of 6.15 about to come to an end. Northern Rock says we've got to go to the standard variable rate, which is 5.08'. And she thinks she's in negative equity. Says quite honestly, 'I appreciate we're not in a great position, but can we remortgage with another company?' So that's a £225,000 mortgage, negative equity about 10 grand, wants to remortgage. Any…? *(laughs)* I'm sorry to say, Tiffany, there are three shaking heads in the room.

BIEN: We've got some good news though.

LEWIS: Yes, Melanie.

BIEN: Northern Rock's SVR's come down today. It's now 4.79%, so, slightly cheaper for her.

LEWIS: I think shaking heads you won't get anywhere else, but nodding heads are that it's slightly cheaper today than perhaps you realised when you composed your e-mail. So got to stick with Northern Rock. I think that's going to be the message for a lot of people. Thanks for that e-mail. And now we'll go to Alfred in Sussex. What's your question, Alfred?

ALFRED: Ah, good afternoon. I'm phoning on behalf of my granddaughter and her husband. They're to be purchasing their first house through a shared equity scheme. The property is a freehold three bedroom terrace at £180,000. 35% of the equity will be acquired by Moat Housing and my granddaughter and her husband will mortgage the 65% remaining. What my question would be: would a tracker mortgage or a fixed term of say five, 10 years be advisable?

LEWIS: Right. Well just before we look at that (because people might not be familiar with what shared equity mortgages are) Paula John, tell us what a shared equity mortgage is.

JOHN: There are various types of scheme, and with this one the borrower will go in and get 65%, the developer owns the other 35%, and usually the borrower will then pay rent on the part that they *don't* own. The idea is that then, as you can afford it, you buy greater tranches until you own the property outright. There are some schemes as well where you can do this with housing associations, government schemes, but this is a private one. There are quite a lot of them around at the moment. In the past, we had reservations about them because you'd have to make your mortgage repayments and also pay the rent.

LEWIS: You'd pay the rent on the other bit…

JOHN: On the other bit.

LEWIS: … and between the two of them, they were almost as much as a mortgage from when I looked at the figures last a year ago.

JOHN: Yes that used to be the case, so we did used to you know warn people about them. But actually in the current market developers are so desperate that there are a lot of bargains, real bargains to be had, very little rent to be paid. So depending on the actual…

LEWIS: So that's their kind of subsidy - to offload the property and at least get something back on their investment?

JOHN: Absolutely, I mean developers are going to lots of different extents to try and sell property. You know they've been offering free stamp duty, they've been offering massive discounts, and this is one of the ways of actually shifting some of the property. So there are some real bargains to be had out there, so in the current market it's certainly worth looking at if you can't afford a full mortgage.

LEWIS: And on Alfred's question of the best kind of mortgage on this, Melanie?

BIEN: There's very few deals available in this area at the moment, unfortunately. Like the rest of the market, it's been quite badly hit by the credit crunch. There are mainly fixed rates available rather than trackers because you know I think the feeling generally is that people buying you know under shared equity probably would benefit from some security of knowing what their rates are going to be every month. I'd consult an independent broker who does specialise in this area because it is very complex.

LEWIS: Specialise in the area of shared equity, mortgages for shared equity properties?

BIEN: Yes.

LEWIS: And, Alfred, did I understand you right that your granddaughter has no deposit, so she's got to borrow the whole of the 65% and the other 35 provided by Moat Housing?

ALFRED: Yes - that is correct.

LEWIS: So it's a 100% mortgage on her 65%. Simon Tyler, is that possible?

TYLER: It's possible. It's a lot more difficult though, unfortunately. Lenders still expect, depending… It's a house rather than a flat, so you can get a higher loan to value. I mean people like Nationwide are doing 90% on a house but 75% on a flat. So there is still a possibility that they may need some cash to put down to make this work even though they're not buying the full value of the property.

LEWIS: So it sounds possible but tricky, Alfred, and get specialist help is really where we are with that.

ALFRED: That's what I was wondering, about the specialist help. I think that's a good idea.

LEWIS: Find something I'm sure through the internet or through our website, which will have lots of useful contacts: bbc.co.uk/moneybox. And there in a couple of days, I should say, you'll be able to read a transcript of the whole programme and you can go there and listen again straight after we've finished. Offset mortgages. We've had a few e-mails about this - people wanting to know if an offset mortgage is a good idea. Now, Melanie, just explain first what an offset mortgage is and then perhaps one of your colleagues can say whether it's a good idea and for whom.

BIEN: Well these have grown massively in popularity in recent years. Basically the big advantage is that you offset your savings against your mortgage debt.

LEWIS: So you have your savings and your mortgage with the same bank…

BIEN: The same bank.

LEWIS: … and you're only paying interest not on the mortgage, on the in…

BIEN: On the difference basically.

LEWIS: … minus your savings.

BIEN: Say the mortgage is £100,000, your savings are £20,000. You pay interest on £80,000.

LEWIS: And that's worked out day by day.

BIEN: Daily interest.

LEWIS: So that's actually good for people who have to keep savings or who have savings and want that liquidity.

BIEN: Exactly. You keep access to your savings. You can withdraw them at any time without notice, so you know it's very flexible.

LEWIS: And in the past, Simon, the rate you got on offsets were higher than the rates you could get on ordinary mortgages. Is that still…?

TYLER: They weren't the most attractive rates at the time, but it's really come into its own at the moment. If you're unlucky enough to have a significant amount of savings in a building society that is getting you zero or 1% at the moment and you have a reasonable sized mortgage, then it would make a lot of sense to remortgage now to one of these offset fixed rates, for instance, where you could be paying 4.5%, which effectively means you'll be getting 4.5% on your savings.

LEWIS: Tax free effectively?

TYLER: Indeed. So that makes a huge difference to some people.

LEWIS: So offsets a good idea again if you can get a mortgage, if you can remortgage and you've got the equity. Anyway we've had a few e-mails. Jackie and Paul, a couple of the e-mailers on that. Thanks for that. And I think we'll go to Peter now who's calling us from Tring. Peter, your question?

PETER: Hello there. Yes, I've had a fixed rate for two years, which has now come to an end, so I'm on a standard variable rate of 3.49% with Bank of Ireland. I've been trying to get a new deal for about five months now and as I'm self-employed and don't have three years of audited accounts to show proof of income, I'm finding it very, very difficult to get anybody who will even kind of look at a mortgage for me.

LEWIS: This is tricky, isn't it, because in the past with self-certification they were falling over to lend you money, but now they want absolute proof, and self-employed people, Simon, do have problems.

TYLER: Yuh. I mean just because you don't have three years audited accounts doesn't necessarily count you out. If you've got good records of your business, if you've got a year's audited accounts and some up to date bank statements you can show…

LEWIS: A tax return showing how much your income was.

TYLER: Indeed and showing us a history, then that's going to make some sense. But to be frank, at the minute if you're going to be paying 3.49 variable, unless you're looking to raise a lot of money for a specific purpose, I wouldn't rush out and try and remortgage anyway because you're not going to achieve a better rate and you will absolutely definitely have costs to pay. So you might be better off sitting tight for the time being and waiting for the credit market to improve when these sort of products will be more readily available.

PETER: Okay, brilliant.

LEWIS: Okay, thanks very much for your call, Peter. We've also had an e-mail from Helen. Her fixed rate's coming to an end. She wants a new one and she says what happens if some time during the fixed term she decides to let out the property. She's obviously got plans. 'Would we have to terminate that and remortgage, or could we just transfer it to be a buy-to-let?' Melanie?

BIEN: It depends on your lender. I mean as part of the contract, you are obliged to tell the lender if this is your intention. And depending on who they are, they might just say that's fine, you know if you're going to let the property for a certain period of time, let's say up to a year, then you can stay on the rate you're on. They might decide to charge you a premium on the rate or they might say no, you have to switch to a buy-to-let. And, as we've already said, those loans are quite difficult to come by at the moment. She might need to put more equity in the property, you know increase the money in there. So it could be difficult or not depending on the lender.

LEWIS: Okay, let's go quickly to Robert in Bromley. Robert, if you could be speedy because we have to finish soon.

ROBERT: Certainly. Yes, good afternoon to you. Our mortgage is a straightforward repayment mortgage - an HPL, House Purchase Loan - which ends in a couple of months. Just wondering what the charges may be incurred at the end of the mortgage, whether they charge to actually terminate the mortgage and to receive the deeds back?

LEWIS: Oh right, yes we've had e-mails about this too. What do you pay at the end? Simon?

TYLER: Well there'll be a deed release fee from your lender, and if you ask them and if you look on their website there'll be a tariff of charges on your lender's website and that will be one of them. There shouldn't be any further costs apart from that. It would be a good idea to cancel your direct debit at the appropriate moment, but that's what they should be charging you and you should look it up.

LEWIS: Okay, so it should be a modest fee now. I think the FSA stepped into that a little while ago.

That's all we have time for, I'm afraid. My thanks to Simon Tyler from Chase de Vere. Also Paula John from Your Mortgage magazine and Melanie Bien from Savills. Thanks to you for your calls and e-mails. More on mortgages from the BBC Action Line - 0800 044 044. Our website, as I mentioned, bbc.co.uk/moneybox. Next week Money Box Live is being broadcast from the Trafford Centre near Manchester. I'll be there with colleagues from other programmes, including Working Lunch, You and Yours, as well as a team of experts to give individual advice to people all day, and then the programme will be broadcast live from the Trafford Centre at the usual time of three o'clock. So if you want to meet the team, see what we all look like, join the audience or put your question, there are full details of the day and how to get there on our website, bbc.co.uk/moneybox. There, as I said, you can also get further information, download a podcast, and in a couple of days read a transcript. I'm back at noon on Saturday with Money Box.