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**MONEY BOX LIVE**

**Presenter: PAUL LEWIS**

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**LEWIS:** Hello. Today's Money Box Live is about mortgages. But before I introduce my panel of mortgage experts, we can't really ignore today's big financial event: the Budget. We'll be running our usual Budget Call tomorrow to take your questions, and hopefully answer them, at mid-day here on Radio Four; but with first reactions to the Budget, my colleague Vincent Duggleby has joined me here in the Money Box studio. Vincent, one measure of course designed to help the housing market: the stamp duty changes.

**DUGGLEBY:** Yes, that's the big headline one, I think, Paul. Now these changes come in from midnight tonight on the 250 limit. And that will be date of completion - so obviously if you complete today, I'm afraid you're out of it; but if you complete tomorrow, you're okay. The qualifications are that you've got to be a first time buyer - and that means buying any property anywhere in the world - and that includes joint purchases, anything where you're an owner. And the other thing of course is it's got to be your only or main residence. So from that, I read that you couldn't use it, for example, if you're doing a buy-to-let. Now on the other end of the scale - this is the million pound one - that, the Chancellor didn't mention, doesn't come in straightaway. It actually comes in in April 2011. So long time after the election.

**LEWIS:** So no tax if you buy a house for the first time under £250,000. But if it's more than a million from next April, April next year, you'll be paying 5% rather than 4%.

**DUGGLEBY:** Indeed you will. And of course there is this issue about what we know as precipice taxation where you suddenly get into a hugely higher band and have to pay a great big lump of tax simply because you've gone £1 over the limit.

**LEWIS:** That's another £10,000 for £1. That's quite a marginal rate.

**DUGGLEBY:** Indeed. And, again, it might be a political issue.

**LEWIS:** Yes indeed. And what else caught your eye?

**DUGGLEBY:** Well the various other ones that caught me eye, which I think possibly are non-contentious. I mean for example the higher winter fuel payment. I mean this has all got to be in the Finance Bill, you see. It's got to go through the Finance Act and time is strictly limited.

**LEWIS:** They've got to do this before the election?

**DUGGLEBY:** Yes, indeed. So I'm looking down this list of things and saying yes well I can't see any objection to that going through. I can't see any objection, for example, for housing benefit to exclude most expensive properties. There doesn't seem to be anything in the political statement so far that would suggest that was not a fairly popular measure. But there are other things like the big small business package. Now that's got a lot of issues in it, and I suspect that what the Conservatives might well do is to say that we will package in our manifesto what we would offer by way of an alternative. So that would be something which might not go through. The other big one for this audience, for the savers here, is the ISAs. Now you probably heard the Chancellor say he was going to index ISAs - the first time I can ever remember, apart from taxes, that savings have been indexed automatically each year.

**LEWIS:** So the limit would go up each year?

**DUGGLEBY:** Yeah, by the rate of inflation. And that rate of inflation, the same date as the taxes ones. It's the September rate of inflation. But it's not on the total sum, not on the £10,200. You have to divide it by 12 because most people, apparently, save in ISAs on monthly payments. So it's the monthly payment we have to go and the maximum is 850. So let's get this right. You can only do it in 120, 240, 360 because it's got to be divisible by 12. And I'm just looking at the picture here, looking at the details here. I rang up the Inland Revenue and said, "I presume you're going to round up, as indeed is the case with taxes?" and they said, "Er we don't know." I've now looked at the thing here and it says, 'the new annual limits will be *rounded* to the nearest multiple hundred rate'. It doesn't say up and it doesn't say down. I think that's something we really need to nail them on before tomorrow's programme.

**LEWIS:** Okay, well we'll be calling about that later, I think. And of course just finally, Vincent, the inheritance tax limit. That will be frozen for a number of years?

**DUGGLEBY:** Yes. It's going to go ahead … that wasn't again mentioned in the speech, but that's being frozen until 2015, the 2014-15 tax year. A four year freeze. Again I suspect there's …

**LEWIS:** At £325,000?

**DUGGLEBY:** At £325,000. I suspect, Paul, there is politics in that.

**LEWIS:** Well I think we can't avoid politics in a pre-election budget. Thank you very much, Vincent, for saying those things. And Vincent and I, as I said, and our budget team will be studying the small print and we'll be back with our experts to answer your questions on Budget Call tomorrow between mid-day and 1pm here on Radio Four. Today, though, we are taking questions on mortgages and home buying. That stamp duty announcement will of course affect the housing market and we'll be talking about that in a moment. But even before the announcement, the housing market was looking up a bit. Prices are still 15% or so down on their peak, but have been rising this year. There are more mortgages available, including more 90% loans, and the cost of mortgages is easing a little. But is this a false dawn before the overall economic problems drive the market down again? Whatever your question on mortgages and buying a home, you can call Money Box Live now. 03700 100 444. Before we take your calls though, let's look at that stamp duty announcement. As we said, stamp duty was reduced and then it re-imposed on properties worth from £125,000 to £175,000 from 1st January. Today's announcement that it will be scrapped for first time buyers on homes up to £250,000 will be welcome news for those trying to buy a first home. It will save them up to £2,500. Let me ask the mortgage panel their reaction briefly to that news. And, first, Melanie Bien who's Director of Mortgage Brokers, Savills Private Finance. A sentence on stamp duty, Melanie.

**BIEN:** Well excellent news, but I think first time buyers are still going to struggle because of the availability of mortgages and having to drum up a big deposit.

**LEWIS:** Right. And also with us is Paula John, Editor in Chief of Your Mortgage magazine. Some of your readers are going to be very happy, Paula.

**JOHN:** They are indeed. A lot of first time buyers will be made very happy by this. An estimated 350,000 more people will now be exempt from stamp duty this year alone, so I say it's very good news.

**LEWIS:** And boost the housing market, Katie Tucker, Chief Operating Officer from Private Finance? Will it boost the housing market?

**TUCKER:** I'm not completely convinced of the figures that they're offering us, saying that maybe 9 out of 10 first time buyers will be exempt now, because don't forget the government figures for first time buyers are often including for example divorced people who are buying again, people who aren't selling at the same time. So none of those people …

**LEWIS:** *(over)* So they won't be first time buyers for this rule.

**TUCKER:** Yeah, none of those people will actually be included in this offer, so it'll be interesting to see whether or not this *does* help many people.

**LEWIS:** Okay, well I'm sure we'll find out about that as time passes. As I said, you can call Money Box Live with your mortgage or home buying questions. 03700 100 444. And our first question is from Julian in Devon. Julian, I think you're on the same topic.

**JULIAN:** Absolutely. Yes, good afternoon. Well our ears pricked up when we heard the Chancellor's announcement about stamp duty because one of our sons is about to purchase his first house. Now he's exchanged contracts already, but the completion date is tomorrow. Has he just scraped in to benefit, please?

**LEWIS:** Okay. And we'll also take a question on the same topic from Dennis near Reading. Dennis, your question?

**DENNIS:** Well my question is on behalf of divorced persons who've passed on the entire benefit of their house sale to a partner and are really in the position of a first time buyer but perhaps without a substantial deposit. I mean do they qualify with any lending institutions for first time buyer status?

**LEWIS:** Right. Well of course first time buyer status has to be approved by Her Majesty's Revenue & Customs to get this concession. Paula John, what's your understanding? We've seen the papers from the Budget now. We've got a bit more detail.

**JOHN:** We have, yes, and unfortunately for our divorced questioner, if you have ever owned any property anywhere in the world with anyone or on your own, then you will not be classified as a first time buyer for these purposes. So I'm afraid you don't get that status and you don't get the break.

**LEWIS:** So bad luck for Dennis. And what about the actual date point, Melanie Bien?

**BIEN:** In terms of this coming in? Well Julian's son is in luck because he's completing tomorrow. It's almost as if he knew about the changes. So he won't have to pay stamp duty.

**LEWIS:** *(over)* So it is the completion date?

**BIEN:** It's the completion date.

**LEWIS:** Yes. So if you completed earlier this week, that is very unfortunate.

**BIEN:** Yes, very unfortunate.

**LEWIS:** If you're completing tomorrow, then you will benefit from this, assuming you're a first time buyer as defined and assuming it's under £250,000 or less.

**BIEN:** Exactly, yes.

**LEWIS:** Okay. Julian, does that answer your question?

**JULIAN:** It does indeed. Yes, I think the answer's going to help the hard pressed brewing industry as well this evening.

**LEWIS:** *(laughs)* I'm sure it will. And, Dennis, I'm sorry we can't give you better news, but it is a fairly tough rule that's been introduced and separating couples who have ever partially owned a property are clearly exempt from this.

**DENNIS:** Yes, it seems to be heaping coals upon … *(laughs)*

**LEWIS:** Well indeed. I suppose the government would say … it's not for me to say, but the government would say you have to draw a line somewhere, and sadly I think you're just the wrong side of it.

**DENNIS:** No, I thought there wouldn't be any flexibility. Thanks very much.

**LEWIS:** No, there doesn't seem to be. And we've had a number of emails about this too. This one is from Janet who says, 'Who qualifies as a first time buyer?" She says, 'If you've owned a home previously but have sold it' - presumably sold it and then are renting out, as many people are - 'would you be a first-time buyer?' Katie?

**TUCKER:** No, you wouldn't be exempt. Sorry, you wouldn't be eligible for that either.

**LEWIS:** No. So it's not about re-entering. It is about those first time buyers, people traditionally …

**TUCKER:** *(over)* Yes, both yourself and your partner would have to have ..

**LEWIS:** *(over)* Both of you, yes.

**TUCKER:** Yes … have to have not owned a property at all before.

**LEWIS:** Okay. Well we'll be studying the small print and we'll taking more questions on that, I'm sure, tomorrow on Budget Call here on Radio Four at mid-day. But we'll perhaps move on from that now and we will talk to Steve who's in Kent, who has a question for us.

**STEVE:** Yeah, hi.

**LEWIS:** Steve, what's your question?

**STEVE:** Yeah, I'd like some advice please about renewing my mortgage. My current 2 year tracker mortgage is up for renewal effectively from the end of April and I'm not sure which way to go - whether to go for another 2 year tracker, a 2 year fixed or maybe a longer term.

**LEWIS:** Right. Well that's the sort of more traditional mortgage question, forgetting all about the events of the day. So let's talk first to Katie Tucker. Katie, what's your advice here?

**TUCKER:** Well, first of all, when you're choosing between a fixed and a variable rate at the moment, it's important to remember that the lenders, when they've priced that fixed rate, they've already priced in the probability of bank rate moving up. So if you're taking the variable, they've looked at perhaps an average of what it would have worked out at over 2 years or 5 years anyway. So it's really about personal choice. It's about whether or not you could - would you be disciplined enough now, if you did take a very low tracker, would you be disciplined enough to overpay your mortgage maybe and reduce your debt, so that you were used to a higher payment later if the rates went up? Or would you prefer to have a fixed rate and know that your mortgage payments are just not going to change and you can absolutely budget reliably? So it's about personal choice really at the moment.

**LEWIS:** And I think it's fair to say, Paula John, isn't it, that it's a sort of gamble? You're gambling on what interest rates are going to do. If you take a fix, you know it'll never change; but in a few years time you might be thinking that was a mistake or you might be very pleased.

**JOHN:** Well, absolutely. It also depends on whether you have an interest in following interest rates and making sure that you do move your rate in 2 years time if you should need to. The beauty of a fixed rate is it allows for your wider budgeting. I understand you're expecting your first child. That might come into play. I don't know. It gives you peace of mind, security, so it can be worth paying a premium for a fixed rate if that's what you like. On the flip side of that though, of course, if you do go for some sort of variable rate, you'll get a slightly lower rate at the moment and that might be what you need to benefit from right now. It's a very personal choice, I'm afraid.

**STEVE:** Well I agree with you and this is my dilemma, to be fair. I mean there's quite a big difference between the repayments, the monthly repayments if I go for a 2 year fixed or a 2 year tracker. I mean the best I can get on a 2 year tracker is 2.29 above base lending rate, which at the moment is 2.79.

**LEWIS:** Melanie Bien, can you help solve Steve's dilemma?

**BIEN:** Do you know what rate you'll go onto, Steve, when you come off the tracker you're on at the moment?

**STEVE:** No - to be fair, I don't at the present moment in time, but I do have an inclination it's considerably higher than what I'm currently paying.

**BIEN:** Alright. I was going to say if it's one of those low rates, then you might want to stay where you are for a little bit. Yes, you just need to work out what sort of budget you've got available to you. And I would only just add if you go for a fixed, it might be worth going for a longer term one just because …

**STEVE:** *(over)* That's the kind of answer I was looking for, up to a point, because I felt that maybe a 5 year fixed would be better than maybe a 2 year fixed.

**BIEN:** Yes because we expect interest rates to start going up certainly within 2 years and you'd be remortgaging again just as rates could be higher. So I would say, yes, a 5 year fixed is a good idea.

**STEVE:** Okay, well thanks very much for your help.

**LEWIS:** Okay, thanks for your call, Steve. And on the subject of fixed rates, we've had an email from Darren who says he has a fixed rate at more than 6%; 2 years of a 5 year deal left. Is it worth remortgaging and perhaps paying a penalty. Would he be better off? Sort of grimaces round the table, but Katie, you were grimacing most. What do you think?

**TUCKER:** If he's got 3 years left, there's a good chance …

**LEWIS:** No, he's got 2 years left.

**TUCKER:** 2 years left, sorry. There's a good chance you'll have a penalty of 2 or 3%. So the first thing to do is call your lender and find out what your penalty would be. Sorry, I'm not calling it a penalty. Your early repayment charge would be.

**LEWIS:** Fine, I think some of us call it.

**TUCKER:** Controversial. Find out what your early repayment charge would be, and then you need to work out of course whether or not the interest rate you're getting is going to be better than that. Bear in mind you'll pay an arrangement fee for it as well. If say it's 2% - that's easy, you need to beat your current rate by a percent on each year, of course.

**LEWIS:** So it's arithmetic really and getting that deal …

**TUCKER:** A bit of maths.

**LEWIS:** Bit of arithmetic and checking out.

**TUCKER:** Get a broker to do the numbers for you, yes.

**LEWIS:** A good national independent or whole of market broker. Right, that's the advice. Darren, thanks for your email. We'll go to Max now in Whitney. Max, your question?

**MAX:** Hello Paul. I've got a quick question about offset mortgages. Some of the deals look really quite appealing at the moment and my question is regarding the way in which savings within the offset mortgage account are treated. Many young people, including my daughter, have saved up quite a lot of money within a cash ISA, and that may be going towards their eventual house purchase. It would be appealing if they could keep their cash ISA within their offset mortgage account, not so much for the duration of the account knowing that the offset mortgage companies will say that that money is notionally tax free anyway.

**LEWIS:** Yes.

**MAX:** But at the end of their mortgage account, hopefully when they pay it off in 25 years time, they might still have access to their tax free cash ISA pot, which they might be looking forward to over the years. Do you know of any of the offset mortgage providers that would actually allow you to keep your savings within an ISA within the offset account?

**LEWIS:** Okay, Max, that's an interesting question. I think the first thing we should do though, Paula, is explain what an offset mortgage is because many listeners will be scratching their heads at this point.

**JOHN:** Yes, absolutely. With an offset mortgage, if you have any savings you literally offset it against the mortgage. So say rather than having a £100,000 mortgage and £20,000 in savings, you combine the two and simply pay interest on the £80,000 that's left over. They can make a lot of sense, particularly historically because interest rates on mortgages were always a lot higher than savings, so you would effectively be saving at the mortgage rate, the rate that you're not paying interest on.

**LEWIS:** And tax free.

**JOHN:** And tax free.

**LEWIS:** And also current accounts are offset, so if you've got a balance in your current account …

**JOHN:** Yes, that's absolutely right. So any money that you have in credit is taken off your mortgage.

**LEWIS:** So a good deal. Do any of them allow you to offset an ISA where in a sense you're getting double benefits? Any takers on that one?

**TUCKER:** We couldn't think of any at the moment, could we? Anyone else thought of any since?

**BIEN:** No, Intelligence Finance used to, but …

**LEWIS:** And First Direct might have done, but they don't anymore, do they?

**TUCKER:** I mean one thing to do is actually do the maths and if she's getting no interest at all for her ISA at the moment, it might be worth her while offsetting that cash anyway. Yes you've lost the tax benefit and yes in the future if she does want to put it back into an ISA of course there'll be limits how much she can plough back in each year, but it may be that she's earning nothing on her ISA at the moment, in which case it is worth offsetting it against what would be a relatively expensive mortgage rate.

**LEWIS:** Yes. Though of course if you listen to Money Box, you should be getting money on your ISA …

**TUCKER:** Absolutely.

**LEWIS:** … because there are places where you can. But if she is getting money … But it's unlikely to be getting enough money, even tax free, that's more than the amount she's paying on her mortgage. So it's probably a better deal, Max, just to bite the bullet, put it in a savings account to offset the mortgage, and then worry about 25 years, in a quarter of a century.

**BIEN:** I was going to say that's a long way off and the ISA regime could well not exist then anyway. So, yes, let's deal with the present.

**LEWIS:** Deal with the present. And she's a lucky or indeed a very well organised woman to have the savings to buy her first home. So thanks very much for your call, Max. And I'll just take one quick email because we're talking about first time buyers and we were earlier with the stamp duty, and we've had an email from Mike who says, 'How can young couples ever get their own house when banks and building societies will only lend …' And he says £103,000? I don't know where the figure comes from. 'My son and daughter-in-law with two grandchildren have been told that's the maximum. How can you find a house for that amount?' So first time buyers, a couple, they've got two children, have been told they can borrow no more than £103,000. Is that done on their income?

**JOHN:** Yeah, absolutely. Their affordability, they will have looked at their income and how much they could realistically afford to repay, which is something a lender is duty bound to do and makes very …

**LEWIS:** It makes good sense in a way …

**JOHN:** *(over)* It makes very good sense. It doesn't make sense for anyone to overstretch.

**LEWIS:** … because we've complained in the past about over lending. So it seems, Mike, from what we know from your email that it's simply done on assessing their income or the amount they can afford and that's the limit.

**JOHN:** They might qualify for one of the government schemes. They are horribly complicated, but there is a website called … is it called HomeBuy Direct?

**TUCKER:** Just put government home buy into …

**JOHN:** Into Google.

**TUCKER:** Yeah, into a search engine.

**JOHN:** A search engine, sorry. *(laughs)*

**TUCKER:** Plenty of others are available.

**JOHN:** And there are some instances in which the government can help with interest free equity loans and so forth, so it's worth pursuing that.

**LEWIS:** Okay, so it's worth looking at that, and I suppose going to a broker and seeing if you can get a better deal, but of course not overstretching yourself. If that's what your income will support, that sadly is what your income will support. Let's move on to the next call now, which is Catherine who's calling us from Sheffield. Catherine?

**CATHERINE:** Hello Paul.

**LEWIS:** Hi. Your question?

**CATHERINE:** My question is I'm self-employed and I got my last mortgage about 3 years ago. It's a self certified mortgage. I'm now looking at moving and I'm just wondering … I know that the market's changed in the last 3 years and what advice can you give me?

**LEWIS:** Right, well this market of course has changed completely. Melanie?

**BIEN:** Yes, self certification mortgages have disappeared, and ahead of the FSA actually …

**LEWIS:** Have they actually disappeared completely now? Just about?

**BIEN:** There aren't any. The FSA are about to say that they're going to get rid … you know to ban them as such, so lenders have pre-empted that. But it doesn't mean that you can't get a mortgage necessarily. If you said that 3 years ago you took this one out, have you been trading since then in the same employment?

**CATHERINE:** Yes, I have.

**BIEN:** So you will have a record, accounts that a lender will accept you know for a standard residential deal. So if I were you, I would go to a good independent broker and see what they can get for you.

**CATHERINE:** Ah, okay.

**LEWIS:** Yes, you need accounts. Or sometimes I think they'll take your tax return, won't they, because not everybody has accounts now prepared by an accountant. But if you have your latest tax return, they'll take that as good evidence of your income.

**CATHERINE:** I have both, so thank you.

**LEWIS:** Right, well again another well organised listener. Okay, well good luck with that, Catherine, and let's hope that you get the mortgage. And I've got another question about somebody who's self-employed. This is an email from Marion. 'My daughter's a drama worker. She's been employed at six different venues in the last 18 months since getting her degree. Contracts have been renewed and she's got detailed financial records for tax purposes and she's earned at least £850 a month.' 'Can she now get a mortgage to buy a flat', she says, 'at around £60,000. She's got the deposit.' But as a self-employed person with obviously a fluctuating… you know a lot of different contracts, would she be someone lenders would look at now? Katie?

**TUCKER:** The size of the deposit will help. I don't suppose we've got details of how much deposit; but the bigger the deposit, the better. Even some mainstream lenders, high street lenders may well look at this one because they do have to be a little bit open-minded to people who have temporary jobs, especially if their contracts have been renewed. Particularly if she's got one at the moment that's ongoing for 6 months or 12 months or might be renewed. They might be able to get a letter from the current employer to give her a better chance. But, yes, if she's got a big enough deposit and the income is enough. If it's only £60,000 against £800 a month, that sounds not unreasonable. Good chance there. I'd go and see a broker.

**LEWIS:** And what sort of rates will you get, Paula?

**JOHN:** Well that again depends completely on the deposit actually.

**LEWIS:** Well they say 15%. Marion says her daughter has a 15% deposit, so that's quite reasonable. £9,000 out of £60,000.

**JOHN:** It is. So she might be looking at something around 5%. She's unlikely to get much under 5% with a deposit that small. Obviously 15% doesn't sound small, does it? *(laughs)*

**LEWIS:** I'm sure it seems very big to her. It's 10 months income.

**JOHN:** Yeah indeed, indeed. But she will be looking at paying probably between 5 and 6% depending on what sort of deal she goes for. What I would say is it might be worth her checking out her own credit record before she goes to a lender. Lenders really want squeaky clean credit records these days, and one problem that first time buyers are coming up against if they're quite young and they haven't got much of a credit history is they haven't actually bought sufficient numbers of financial products in the past to have a history. So they're being turned down on that basis, which seems really unfair.

**LEWIS:** So if you've been a saver rather than a credit card user, you won't have one. And of course this young woman is 18 months out of university, so she may well *not* have a credit record.

**JOHN:** So it could be worth checking her own record beforehand to see what it says.

**LEWIS:** Right. And you can do that for a statutory £2 fee from the credit reference agencies - Experian, Equifax and Call credit - and I'm sure a search on the search engine will find those. But make sure it's them and not somebody trying to sell you something because they've bought those names to get to the top of the list. Mel, what sort of rates can we look at now in mortgages? We've talked about better rates. If you've got a small deposit or a bigger deposit, what sort of rates are we talking about?

**BIEN:** Well if you've got you know the holy grail, a 40% deposit, you can look at base rate trackers from about a pay rate of about 2.5%.

**LEWIS:** I'm sure most people are saying as if at this point. What if you've got a slightly smaller deposit?

**BIEN:** Well if you've got you know the more average of 25%, then basically you're looking at nearer 3% on a tracker.

**LEWIS:** What sort of companies are we talking about?

**BIEN:** Abbey, Santander - you know the big names. And some of the smaller ones like Coventry Building Society as well. If you're looking at a fixed rate, rates are slightly higher. And for those with small deposits - if you've got just a 10% deposit you're looking at 5% plus, you know if not quite a bit higher.

**LEWIS:** Yes, so there are more of those mortgages on the market now, aren't there, than there were with only a 10% deposit?

**BIEN:** Yes, there's a bit of easing there. But, as has been alluded to already, you need a very good credit score to get one of those.

**LEWIS:** So still tough, still difficult. Okay, well thanks for your email Marion. And we'll go to Michael now who's calling us from his mobile. Michael, your question?

**MICHAEL:** Hi, Paul. Yeah, I've got a question about the stamp duty.

**LEWIS:** Right.

**MICHAEL:** My Mrs and I, Sarah - well she's my partner, my girlfriend - we've bought a place for 250. Used the equity from her flat. And I have never owned a property before, so how do we stand with two of us buying a place?

**LEWIS:** *(laughs)* We're back to the first question. Well, as I understand it, *both* the people buying have to be first time buyers.

**MICHAEL:** I see, right.

**LEWIS:** Now if just you bought it, I think that would be fine; but if you're buying it jointly, then I think it wouldn't be fine. And given that it's her money that may cause a few problems?

**MICHAEL:** Okey, dokey. Right, well that's answered that then. Thanks, Paul.

**LEWIS:** That's the rules as I understand them at the moment. But do listen to Budget Call tomorrow when we'll have more details. But that's certainly what the papers we've seen so far say.

**MICHAEL:** Okay, thanks mate.

**LEWIS:** Thanks for your call, Michael. Carol now from London. Carol, your question?

**CAROL:** Hello, hi. Afternoon to you all. I'm wondering if you know of a lender who will lend on a concrete building which happens to be ex-local authority as well. I just need to borrow £30,000. It's a small loan. And at the moment the property is unencumbered.

**LEWIS:** Right, now a concrete building. That doesn't sound too bad a thing to me. Is there some particular problem with concrete buildings?

**CAROL:** Well I think there's an abhorrence of concrete buildings.

**LEWIS:** Is it a prefabricated concrete building of some sort?

**CAROL:** It's concrete blocks, yes.

**LEWIS:** Right, I see. Okay, yes.

**CAROL:** I mean it's been here since the 60s, so it's not …

**TUCKER:** It's lasted this long. It's survived.

**LEWIS:** Katie Tucker?

**TUCKER:** Carol, am I right in thinking it's in Westminster?

**CAROL:** Yes, it is.

**TUCKER:** I think that might be your saving grace there because I would go … if you have your own bank account, current account somewhere, I'd go to them first and I would also just look at local building societies. That's advice for anyone even outside of London. Go to a local building society because they'll be specialist in local buildings.

**CAROL:** Okay.

**TUCKER:** But if you're in Westminster, it'll go down to valuer's comments. So even if you go to a high street lender, they will go to valuer's comments. You might lose the cost of a valuation - £400 or so - to get a valuer to put down on paper that he does or doesn't believe, *(clears throat)*, excuse me, that it'll still be standing in 50 years time, but that's what you'll need to do. I'd start with your own lender first.

**CAROL:** Okay. Well that is what triggered it actually because HSBC I think were advertising a very low rate mortgage - 1.99 - and of course I jumped on this and asked them about it. But they seem to have no knowledge, and anyone who *does* have the knowledge isn't available except by appointment. So I thought I'd call you to see if you could bring it forward a bit.

**LEWIS:** Okay, well I hope we've helped you there, Carol.

**CAROL:** Yes, thank you.

**LEWIS:** And while we're on the subject of shall we say non-standard buildings, we've had a couple of emails - people in a mobile home, people in park homes, I think they're called, and people in wooden construction prefabricated homes. Are they covered by normal mortgages? Is it possible to get a mortgage on those?

**BIEN:** Well lenders are concerned about saleability and selling the property on afterwards and they like traditional three bed semis made of brick with tar roofs, so anything else that doesn't really fit into that is a bit trickier. So you are going to find it a bit more difficult. Fewer lenders will look at it. Again a broker's the best point of call because they're going to know who will and who won't.

**LEWIS:** Okay, we'll just try and squeeze in the last question from James who's calling us from Bournemouth. James, your question briefly if you would?

**JAMES:** Hello, good afternoon. Myself and my fiancee are first time buyers looking to buy a house in Dorset, but one thing we're really hesitant about is what the price of the house will be in say 4 or 5 years time when we'd possibly like to sell the house.

**LEWIS:** Okay, you want to know if house prices are going up or down, James, I think; and I think if we knew that, we'd be doing something else. But Paula John, what's your suspicion?

**JOHN:** Yes, James, certainly nobody has a crystal ball. But at least you're being very sensible about this: you're saying in 5 years time, not in 2 years time. And I think the likelihood is that within 5 years property prices will have gone up even if they've come off a bit in the interim.

**LEWIS:** Okay, Katie Tucker in a word.

**TUCKER:** And do you know what, James, last time the properties all lost value it was because you weren't able to get a mortgage, and if that happens again it's going to be stalemate anyway. So if you want to buy and you want to own a property regardless of what happens in 5 years, you might as well just do it now.

**LEWIS:** Yes if you need a house, buy a house when you need it. Melanie, in one word?

**BIEN:** Just make sure you can afford it. As long as you can afford the mortgage and you're not paying over the odds, brilliant.

**LEWIS:** Alright, that's all we have time for. My thanks to Melanie Bien of Savills Private Finance; Paula John from Your Mortgage magazine; and Katie Tucker from mortgage brokers Private Finance. Thanks for all your calls and emails. More about mortgages and home buying on our Action Line - 0800 044 044; our website, bbc.co.uk/moneybox. Listen again or download a transcript in a couple of days. As I said, I'm back tomorrow with Vincent Duggleby to answer your questions on the Budget on Budget Call here on Radio Four. That's from 12 to 1 p.m. Money Box is back on Saturday at mid-day, and no doubt more budget stuff then. And Vincent's here to take more of your calls on Money Box Live next Wednesday afternoon.