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**MONEY BOX LIVE**

**Presenter: PAUL LEWIS**

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**LEWIS:** Hello. Well it's Budget Day, but we're here to take your calls on mortgages. Of course with the confirmation by the Chancellor of the widely leaked announcement that the government would find £250 million to help first time buyers, we will be discussing that briefly and taking questions if you have any on it. But please keep all other Budget questions for Budget Call with me and my colleague Vincent Duggleby tomorrow at noon. And just before we get onto mortgages, I'm just going to ask Vincent Duggleby for his quick summary of what caught his eye in the Budget. Vincent?

**DUGGLEBY:** Indeed Paul - a much leaked Budget, as you say. And one of the things that caught my eye is the personal allowance going up by £630 from April next year - that's next year, not this year - to £8,105. Now this is being complicated by press headlines, but basically what's happening is this. You get £326 or you're £326 better off if you're a basic rate taxpayer, but only £200 applies for this year. The rest comes in next year. And for higher rate taxpayers, of course they have the extra clawed back because the higher rate threshold's being reduced, but next year it isn't. But it isn't going to be increased either because they don't want to drag any more people than they have to in this higher band. And anyway we would hope normally that rates were increased by inflation. But that's another issue. The Chancellor's now going over for everything to the Consumer Price Index, which, as we know, runs somewhat lower than the Retail Prices Index. He said that he's going to try and link tax and national insurance, but to be honest, Paul, I reckon it's going to be incredibly

complicated to set a new sets of rates, you know, bearing in mind that pensioners of course don't pay national insurance.

**LEWIS:** No, indeed. And that means that in the long-run we're going to pay slightly more tax because our allowances won't be as high as they would have been.

**DUGGLEBY:** Indeed.

**LEWIS:** And what about Gift Aid, Vincent? There was something about that in the Budget.

**DUGGLEBY:** Yeah, he had quite a lot on Gift Aid. One of the things, he's going to make the rules easier so that you don't have to fill in quite so many forms. And he's going to make it possible for bigger donors to have a thank you. Charities will be able to sort of treat them to a day at the races or something. But the most important thing is this one against inheritance tax. Now if you give away 10% of your estate to charity, you will qualify for a lower rate of inheritance tax. Now it wasn't clear from the speech what that meant, but what it actually means is you'll get 10% off 40% - in other words a 36% rate of tax. Now let me give you an example. If you had a £1 million estate and you gave £100,000 - that's the minimum you must give, it must be 10% of your estate. Then let's take off the £325,000 exempt band. Then take off the gift to charity of £100,000. And then you get a £575,000 chargeable estate and that costs you £230,000. That's to your beneficiaries. But if the tax comes down by 10% to 36% - then that tax is not £230,000 but £207,000, which according to my reckoning is a saving of £23,000. Moving on just to business rates. Now that's something which I think will appeal to a lot of small businesses. The rate reliefs are being extended, corporation tax is down, there's new enterprise zones. And there's an increase in the relief for enterprise investment schemes. Perhaps we'll have a look at that in more detail tomorrow. That's going from 20% to 30%. One thing I know people will be keen: if you're in your car, lads, on the way to work, business mileage - you're going to get 45p per mile instead of 40p, (*laughing*) and it's been 40p for longer than I can remember.

**LEWIS:** Yes and of course that applies to women as well as lads, Vincent.

**DUGGLEBY:** It does - yes, yes. (*laughter*)

**LEWIS:** And the housing scheme, Vincent.

**DUGGLEBY:** Yes, the housing scheme. Well it's going to be called the First Buy programme. And the idea is to get people into a position where they can qualify for a 75% mortgage. Okay, so how do you save the 25%? Well you'll have to save 5% yourself anyway. That shouldn't be too difficult. Now the 20% left is going to be divided between the government and the builders. The builders apparently have got to come to the government with their proposal as to how they're going to do it. None have done so yet. And I reckon some of the house builders will say well wait a minute, we'll offer free interest mortgages or something for 3 years. So I don't think it's cut and dried by any means. The other thing which I think people need to know is the loan is free for the first 5 years. Then it's 1.75% in year 6 and after that it's Retail Prices Index plus 1%. There isn't a limit to how long it can run, but if you sell then of course it has to be repaid.

**LEWIS:** Okay, Vincent, thanks very much.

**DUGGLEBY:** One more thing, Paul.

**LEWIS:** Oh yes, sorry, one more thing.

**DUGGLEBY:** One more thing for my fans in the South West. As you know, I live there. Did you hear the Chancellor say that help is being given by the government for customers of South West Water? I can hear the cheers from Plymouth to Exeter.

**LEWIS:** I'm sure the rest of the country will be wondering why their water bills are not coming down.

**DUGGLEBY:** *(laughing)* Well because it's the most expensive in the country. That's why.

**LEWIS:** Alright, Vincent, thanks very much indeed. And Vincent and I will be back to take your Budget calls tomorrow here on Radio Four at mid-day. Meanwhile, let's get back to mortgages. Mortgage lending was up in February. The British Bankers' Association said this morning that lending is subdued. Indeed only remortgaging shows an upward trend. The rest of the market was flat, partly because house prices are remaining fairly high, and that's because demand continues and supply doesn't improve and also first time buyers needing a huge deposit. Now we're going to move onto our questions, I think, and whatever your mortgage question you can call Money Box Live now: 03700 100 444. With me today in the studio in London, Jane King, a mortgage adviser with Ash-Ridge Private Finance and Melanie Bien, a Director of mortgage brokers Private Finance. And in our Sheffield studio, it's the mortgage encyclopaedia Ray Boulger who is technically Senior Technical Manager with brokers John Charcol. They've all been watching the Budget. But we're going to move right away to a non-Budget question. Salim has a tricky problem in Shrewsbury. Salim, your question?

**SALIM:** Thank you. Hi. I've just bought a flat in 2006 and when I was trying to remortgage this year earlier, I've been told that it's depreciated around £20,000. And when I was trying to transfer the lender to another mortgage company, they said I have to put in another £10,000 if I have to get a mortgage on my property.

**LEWIS:** Right and this is because it's come down in value and so you can't transfer the mortgage? Is that right?

**SALIM:** No I can't. Yeah.

**LEWIS:** Okay. Well I'm sure that's a fairly common problem, though not necessarily an easy one. Melanie Bien?

**BIEN:** Yes, unfortunately Salim finds himself in the position of a lot of people who

bought in 2006/2007 at or near the top of the market and they're now finding their property is worth you know a few thousand less than they bought it for and that is a problem when it comes to remortgaging. Have you spoken to your existing lender, Salim, to see whether they can offer you something?

**SALIM:** I spoke to them and they came up with a very high rate. That's not a problem. It's not much different from what I'm currently paying to them anyway.

**LEWIS:** So you can get a mortgage; it'll just be more expensive. Jane King, what are your thoughts on this?

**KING:** Who's your existing lender?

**SALIM:** HSBC.

**KING:** Okay, so have you asked them if they've got any special rates for existing borrowers as some lenders will offer existing rates to keep you as a borrower?

**SALIM:** I spoke to them, as I said. They came back with an amount which was £20 less than what I was paying before ...

**KING:** (*over*) Okay, so you're on their ...

**SALIM:** ... which is no benefit at all. But if I have to get another special rate even though being with them for a long time, I need to pay £1,000 upfront extra.

**KING:** Yeah. No, I see your predicament. Yeah, I think you're probably going to have to stay with HSBC at least for the time being, I would have thought, although it might be worth going to seek some independent advice to see whether there is anybody out there that will offer you a better rate.

**LEWIS:** Let's ask Ray Boulger. Ray?

**BOULGER:** Salim, how much equity actually do you have in your property?

**SALIM:** Right now it's 20 grand.

**BOULGER:** And it's worth how much?

**SALIM:** It's 140.

**BOULGER:** Did you say 140?

**SALIM:** Yes.

**BOULGER:** Okay, so you've got about 15%. However a mortgage valuation may well be less beneficial, so I suspect if you were to remortgage you're looking at 90% and there are hardly any decent deals at 90%. Now HSBC standard variable rate is just under 4%, so I think your best bet is going to be to stick with them on the rate you're going to revert to. And bear in mind of course you won't have any protection if rates go up, so if you can afford to make overpayments while you're on that variable rate, I should encourage you to do so.

**SALIM:** Okay.

**LEWIS:** Okay, well that seems to be the advice, Salim. It's not going to save you much money, but at least it's going to ...

**SALIM:** Well at least I have more insight into it. Thanks a lot for that.

**LEWIS:** Okay. Our pleasure. Thanks very much for your call. I'm sure a problem that many people have got when their fixed period mortgages come to an end. Tracy is calling us now from that familiar place Mobile. Tracy, I don't know where you are, but please give us your question.

**TRACY:** Hello. I'm just outside Bournemouth in Wimborne.

**LEWIS:** Ah right, okay. What's your question?

**TRACY:** Good afternoon. My question is I've got a tracker mortgage at the moment and it's .79 above base rate. I've got a very small mortgage, and I'm just wondering as the interest rates are likely to go up in the next few months if it's worth switching to a fixed rate for, you know, however long the term is, or should I just stick with what I've got and pay off a little bit more each month?

**LEWIS:** Right, again I'm sure a very common question. Jane King?

**KING:** I think the short answer probably is to stay where you are. As well as looking at alternative fixed rates, by the time you've added product fees, valuation fees, possible legal fees on top at a rate that's market leading at the moment and probably will remain so, I would recommend that you stay where you are.

**LEWIS:** Okay. Any dissent from that from our other guests? Melanie? Ray?

**BOULGER:** No, I'd simply add that switching to a fixed rate, you're going to be paying more than 3% extra, so bank rate would have to go up to over ... well to 3.75% before you'd be better off switching to a fixed rate. So you've got a really good tracker rate. I would frankly stick with it and use the current low interest rate environment to try and reduce the size of the mortgage.

**LEWIS:** Okay, well that seems to be the advice. Pay off your debt - that's what Money Box generally likes to tell people - if you can. Tracy, thanks very much for your call. I hope that was helpful.

**TRACY:** Thank you.

**LEWIS:** Just before we go to our next caller, I'm just going to go to an email. This is

from Claire who says her fixed rate mortgage comes to an end in June. It's a fix of 6% with Bank of Ireland. She was made redundant and started her own company, which has been trading well for 2 years. Small mortgage, £50,000, and she wants to know how she's going to negotiate a good deal when her mortgage comes to an end.

Melanie?

**BIEN:** Well the good news there is that she has been trading well for 2 years and lenders are quite happy ...

**LEWIS:** That's enough, is it?

**BIEN:** Yes, lenders are quite happy to give mortgages to self-employed borrowers as long as they can show some track record of income. So 2 years should be fine. Again speak to an independent mortgage broker about the best lenders to approach.

**LEWIS:** And are there any particular ones, Ray, that are happy with self-employed people, or is it any of them?

**BOULGER:** Well, as Melanie says, quite a few lenders are happy with 2 years. Some insist on 3. But I think Jane actually needs to consider whether she should ...

**LEWIS:** It's Claire, sorry.

**BOULGER:** Sorry, Claire. The Bank of Ireland's revert to rate for customers who took out a mortgage when she did, I think is bank rate plus 2.99. So she'll be reverted to a reasonably decent rate.

**LEWIS:** About 3.5 altogether - at the moment, anyway.

**BOULGER:** Yeah. And if she does wait another year, then she'll have a wider choice of lender and I personally don't think there's any mad rush to take a fixed rate. But if she does want a fixed rate, then I agree with Melanie. Talk to a good independent

broker and there will be some lenders who can accommodate her.

**LEWIS:** Okay, Claire, thanks very much for your email. I hope that's helpful. Now we're going to Steve who's in Norwich. Steve, your question?

**STEVE:** Yes, I was made bankrupt 3 years ago, which has now been dismissed, but we're just struggling to get any kind of mortgage. It would appear that nobody will lend any money if you've been bankrupt even though you've been dismissed as far as putting your name on the deeds or taking your income into consideration.

**LEWIS:** Yes, the discharge is not the key thing. It's normally the passage of 6 years when your credit rating goes back to normal. Any thoughts? Jane?

**KING:** When were you actually dis... Were you actually discharged 3 years ago or did you actually go bankrupt 3 years ago?

**STEVE:** I was discharged 3 years ago.

**KING:** Okay, I may be wrong, but I'm almost certain that I think the Nationwide will look at a mortgage application and they will take the time of the discharging as part of their overall credit score. I did do one for a client a couple of years ago and they accepted it. However he had been discharged for I think it was about 3 or 4 years. But they will ask you on the application forms 'Have you ever been made bankrupt?', not 'Have you just been made bankrupt within the last 6 years?' So if they ask that question, obviously you have to put yes even if it's dropped off your credit file.

**LEWIS:** Right, so they want to know even if it's off the credit file?

**KING:** Some will ask you if you've ever been made bankrupt.

**STEVE:** Well I've spoken to people who've said that they will never ever give me a mortgage again.

**LEWIS:** Well that may be true of some of them, but I think Jane's suggesting Nationwide might. Ray, any thoughts who else might?

**BOULGER:** What sort of deposit would you have to put down as a percentage, Steve?

**STEVE:** Probably 30%.

**BOULGER:** Okay, well, as Jane said, Nationwide's worth approaching. Some of the smaller regional building societies might also consider it. I certainly wouldn't bother with any of the banks. One question the lenders are likely to want to know is why did you go bankrupt. If, for example, it was because you guaranteed a business loan and the business failed, they're likely to look on that more favourably than if you went bankrupt because you were overspending. So if you've got a plausible reason for going bankrupt, which you think the lenders might accept, that will help, but I would definitely talk to a good independent mortgage broker.

**LEWIS:** So it's really find a mortgage broker who will look around the market for people who might be willing to help someone and just stress all the positives I suppose in your case, Steve. Thanks very much for your call. It's a problem that probably won't be easy to resolve, but as ever with Money Box Live a lot of work on the part of our listeners to get their problem resolved. Just before we go to the next call, can we just talk about this First Buy scheme? We had a very quick outline of it from Vincent Duggleby earlier. Jane King, what's your understanding of how it's going to work?

**KING:** My understanding is that it's very similar to another scheme that was in place several years ago that was stopped - I think it was in 2008 due to lack of funds. It would appear to me that although the previous scheme ran for any property anywhere, this is purely for new builds. I don't know whether it's going to be only certain properties on certain developments or whether it will cover all new build properties.

**LEWIS:** I think it's the deal with the builder that's crucial, isn't it?

**KING:** Yeah.

**LEWIS:** I think the builder has to take part in it.

**KING:** But there is one already running that some of the builders do, but they do limit it to certain properties on certain developments. This one would appear to be all new developments. I think it's a scheme where buyers have to go through an affordability assessment. They'll obviously have to have a squeaky clean credit history. There'll be certain criteria about nationalities and earnings and employment and suchlike. Whether families will get priority over couples, whether single people will be allowed to apply, we don't know yet.

**LEWIS:** No, the Chancellor used the word families, but of course that's often used to mean households or even individuals when politicians say that.

**KING:** Absolutely, yeah.

**LEWIS:** But it is, Melanie, for people earning under £60,000, or at least I presume that's a joint income if there's two of you?

**BIEN:** Yeah, that seems to be a household income. And I suppose that's fair enough - the government obviously wants to help those who can least afford to buy a home. I think it's a step in the right direction – that, you know, first time buyers definitely need some help - but it seems quite limited. I mean £250 million, will that be enough? There's no commitment to fund beyond that.

**LEWIS:** No, it's only for 1 year. That's going to be spent in 11/12.

**BIEN:** Yes. And we found with the homebuyer scheme, it ran out of money very quickly. There's a lot of demand for these schemes.

**LEWIS:** Ray, any thoughts on it?

**BOULGER:** Well on the basis that the government are spinning, it will help 10,000 families. And bearing in mind the total number of new build properties built last year was only 100,000, the 10,000 actually, in that context, doesn't seem quite so small. I think from the first time buyer's point of view, it certainly has a lot of attraction as long as you want to buy a new build home from one of the developers that's offering it because you've only got to find a 5% deposit. And with the interest on the 20% you'll borrow being interest free for the first 5 years, it will keep your monthly costs down as well as not having to find much deposit.

**LEWIS:** So you find 5%, the builder finds probably around 10% - we don't know. The government finds the rest, up to 20% altogether, and then obviously you have a mortgage for the rest. And then when you move, when you sell it, you have to repay that capital sum and you've been paying interest on it meanwhile anyway?

**BOULGER:** Well you'll have been paying interest on the 75% you borrowed from your lender, but of course no interest on the 20%. What we don't yet know is whether (as with some of the previous schemes) if there's any capital gain on the property when you sell, you'll have to pay 20% of that capital gain to the government. If you do have to do that, it's not at all unreasonable because you had an interest free loan. So it's quite a good trade off to enable you to buy your first property.

**LEWIS:** Yeah interest free for 5 years, though of course there is interest on it after that.

**BOULGER:** Yes, that's right.

**LEWIS:** Yeah. And where do you get more information? There's an agency where you get more information.

**KING:** Home and Communities Agency, I believe.

**LEWIS:** The Home and Communities Agency. That exists already, does it?

**KING:** That exists already, yeah, for other affordable home schemes as well.

**LEWIS:** Okay, so that's where to go.

**BOULGER:** Although as the government doesn't yet seem to have worked out all the details, I suspect there may not be much point in contacting them today.

**LEWIS:** No probably not, no. They leaked quite a lot of it yesterday, I think, but now actually when you ask them more questions, they say well we're still trying to find out. So anyway that's what it is, and I'm sure it will help some first time buyers over the next year. And if you're in that position, it may be worth thinking of if you can't find that high deposit that you are currently being asked for by lenders. Let's move onto Lincolnshire now where James has a question. James, your question?

**JAMES:** Hello. I bought a house 2 years ago for £100,000 on a 7.4% mortgage, and I'm just wondering would it be worth my while paying the early repayment charge to go onto a lesser mortgage?

**LEWIS:** Right and how long is the mortgage rate fixed for?

**JAMES:** 30 years.

**LEWIS:** 30 years! That sounds a pretty good deal. Who's it with?

**JAMES:** Halifax.

**LEWIS:** Right. Okay, so you've got a fixed ...

**JAMES:** Oh no, it's not fixed 30 years. It's 5 years.

**LEWIS:** Oh I see, it's a 5 year fix. It's a 30 year mortgage, but a 5 year fix. I see. Right, okay.

**JAMES:** The house is worth 130 grand now because we got it in a auction, a repossession.

**LEWIS:** Right, so you've got a house that's worth more than you borrowed to pay for it and you want to know if it's worth getting out of your 5 year fix in other words?

**JAMES:** Yes.

**LEWIS:** And what will the redemption penalty be?

**JAMES:** I think it's 3,500.

**LEWIS:** Right, okay. So, Melanie, is this just a question of arithmetic - you just write the numbers down and work out if it's worth doing or not?

**BIEN:** Yes, we're back to working out the total cost of a mortgage. So yes, well James has obviously found out how much the redemption penalty is, which is the first step. The next would be to look at what else is available. He's looking at sort of an 80% loan to value rate there, so he won't have to pay one of the highest rates. But if we just look at what's available. Say if he wanted to go for another 5 year fix, there's rates at about 4.69%. That one's from the National Counties Building Society with an £895 fee. Obviously he'll also have to pay an exit fee to the Halifax if he wants to go out, so yes it's just about doing the sums.

**LEWIS:** So you've got to add up the exit fee, the entry fee and look at the difference and then work out whether it's in your interest. And of course wonder what the value of money will be in 5 years time, which is always the one that baffles me. Jane?

**KING:** Yeah, I would agree with Melanie here. It's worth looking at alternative 5 year rates. However, I don't know whether his personal circumstances have changed since he took out the loan. Obviously if he does move lender, he's still going to have to justify income, credit score, everything else.

**LEWIS:** Will that be a problem, James?

**JAMES:** I don't think so.

**LEWIS:** No.

**JAMES:** Nothing's changed.

**KING:** Okay. *(laughs)* That's fine. Then yes, I think it's just a matter of arithmetic.

**LEWIS:** Okay, Ray?

**BOULGER:** Yes, I think Melanie's done the sums. And on that basis, it certainly stacks up to look to switch to another 5 year fix. Obviously you could switch to a 3 year fix if you want to be fixed in for the same period, but I think it makes more sense to go 5 years. Just a couple of points to make. The mortgage valuation may of course come in at less than 130,000, and so you have a risk that you may not have 20% equity and then that would probably mean it's not worth doing. Secondly, if you remortgage, you will have lower monthly payments, so you may either use those payments to improve your lifestyle or you could start to overpay the mortgage.

**JAMES:** Yeah.

**LEWIS:** Okay. Sorry Ray, go on.

**BOULGER:** I was going to say which effectively could pay off that early repayment charge over the next 3 years.

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

**JAMES:** Yeah that's brilliant, thank you.

**LEWIS:** Okay, thanks very much for your call. And I should say that on our website, [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox), you can read a transcript of all this advice in a couple of days when we've had time to get it all typed out. We've just had a slight clarification I think from the Treasury about the First Buy scheme. The £60,000 is household income and it is available to people with a household income under £60,000. And the 20% equity will be shared between government and house builder and it's expected that the government will not be paying more than half of that. In fact it could be paying less. No builders have been announced, but they hope there will be some. And as we said, it's the Home and Communities Agency for queries and indeed to apply for it. Okay, we've got a quick email now from Duncan. He is about to buy a house due to relocation. He has a large deposit, he says - doesn't say how much - but needs a £50,000 loan. Thinking of going for a 10 year fix and would like to know the panel's thoughts if a 10 year fix is a good idea or not. Melanie?

**BIEN:** I believe there's only one 10 year fix available at the moment. I might be wrong. They're not in huge demand at the moment. People tend to be going for typically 5 years actually, although there are still a lot of 2 year fixes available. So I think he'd struggle to perhaps find the best rates.

**LEWIS:** Right, so it's not a great rate. 10 year fix, Ray, do you happen to know what it is?

**BOULGER:** Off the top of my head, I don't know, no. But generally speaking 10 year fixes have been around .8% higher than 5 year fixes, so I'd be more inclined to go for a 5 year fix and then reassess in 5 years time. And bearing in mind Duncan's only looking to borrow £50,000, he really needs to go for a deal with a relatively small arrangement fee. Nationwide, for example, have got a 5 year fix at 4.59% with just a £99 arrangement fee. That would be the sort of deal that would probably make good sense.

**LEWIS:** Yeah, that sounds like a good deal really on that. Thanks very much for your email, Duncan. Hope that's helpful. And now Ruben is calling us from his mobile. Ruben, your question?

**RUBEN:** Yes, hello. My son's buying his first house, which is £182,000. I was just wondering what would be a good mortgage for him? And I was asking whether there's anything in the Budget, but it's not a new build. Although it's a new house someone's already owned it, so he's buying it from somebody.

**LEWIS:** Right, well I don't think that will be covered by the scheme the Chancellor announced today.

**RUBEN:** No.

**LEWIS:** That has to be something that is brand new because you do a deal with the builder, so it wouldn't work otherwise. Best type of mortgage for a first time buyer? That's a slightly general question. Jane?

**KING:** I think it depends a lot on what your son's attitude to mortgages are. If he's good with money and he's quite savvy, he might prefer a variable rate. However if he's learning to budget for the first time, he's got lots of other bills and lots of other things to do, he may prefer a fixed rate.

**RUBEN:** I think a fixed rate would be the best way forward for him.

**KING:** Yeah, what sort of deposit are you putting down?

**RUBEN:** About 20%.

**KING:** 20%. Okay, so he should have some access to some reasonably good rates with a 20% deposit. But yeah, I would say go and see an independent adviser.

**LEWIS:** Have you got some examples of what he might do?

**KING:** 80%. I mean up to 85%, there's a good 3 year fix with the Woolwich at 4.99%. It allows for overpayments and also allows for portability, so if he did want to

move in the future, he could.

**LEWIS:** Yes. I mean given that we expect bank rate to go up - in fact it can't go any other way in the not too distant future - those rates do sound pretty good over 3 years or so.

**KING:** Yeah.

**LEWIS:** Okay, thanks very ... Was that helpful, Ruben?

**RUBEN:** Yes, thanks very much.

**LEWIS:** That answered your question. Thanks very much for contacting us. Another email now from Cathy. This raises a different point. She's applied for a mortgage. She went through a mortgage broker. Very happy with every aspect of it except she doesn't understand if she'll have to pay stamp duty. The property price is £140,000. She is a first time buyer. So at the moment, Ray, there is no stamp duty on first time buyers. Is that right?

**BOULGER:** That's right. First time buyers are exempted up to £250,000. And one opportunity the Chancellor missed in this Budget was to completely revamp stamp duty to get away from the current silly system whereby once you cross one of the thresholds your stamp duty ratchets up.

**LEWIS:** Yes. He did say he was going to review this first time buyer exemption though because it's due to run out, is it next April, and I think they're going to review it in the autumn?

**BOULGER:** And it wouldn't be surprising if they extended it. It's already been extended once by the previous government, so I think you're right there, Paul.

**LEWIS:** Yes. And of course he did though say he was going to clamp down on some

tax avoidance schemes for stamp duty for people buying very expensive properties.

**BOULGER:** Yes interestingly he mentioned he was going to clamp down on three specific stamp duty avoidance schemes. These are schemes that people who are buying properties usually over a million, sometimes as low as half a million, utilise to actually avoid paying stamp duty. They end up paying a good chunk of what they save in fees to the solicitor, etcetera. (*laughter*) But it was interesting that he said he was going to clamp down on three of these schemes, which rather implies there's others he knows about but hasn't found a way to actually stop people taking advantage. (*laughter*)

**LEWIS:** I have actually spoken to people who don't even care if they don't save any money. They'd rather pay the solicitor than the Chancellor.

**BOULGER:** Yes, quite.

**LEWIS:** And also no change in the extra 1%, the 5% stamp duty I should say, for properties over a million, Melanie. That's coming in in April as planned, I think.

**BIEN:** Yes, that's just round the corner - so, yes, people have to budget for that.

**LEWIS:** Or indeed if you're buying a million pound property, get a move on. Right, we'll go to Lorraine now who's in Llantrisant. Lorraine, your question?

**LORRAINE:** Yes hello, good afternoon. Yes my question is we have approximately 65% equity in our house at the moment and our fixed rate mortgage with Northern Rock runs out in September of this year. I have retired, so I'm no longer working. My husband has 8 years to go before retirement. We are currently paying 5.39% on what was a 15 year mortgage and I'm looking for another fixed rate with somebody else at the end of that period.

**LEWIS:** Okay, Lorraine, I'm going to cut you off there because we've only got a few

seconds. Melanie, what can you suggest?

**BIEN:** It's a little bit tricky because lenders are getting a bit more twitchy about people in retirement having a mortgage. So if you can show that you can afford it out of pension income and you say your husband's still working, then that perhaps won't be an issue.

**LEWIS:** And you can find something slightly better than 5.39.

**BIEN:** Well you've got a lot of equity there, so ...

**LEWIS:** A lot of choice, a lot of equity. Lorraine, thanks for your call. Sorry it was a bit brief, but I am going to have to stop now because we're running out of time. My thanks to Melanie Bien of mortgage broker Private Finance; Jane King from Ash-Ridge Private Finance; and Ray Boulger from John Charcol. Thanks for all your calls. More about mortgages on our website. Listen again and, as I said, in a couple of days read a transcript. I'm back tomorrow, as I said, with Vincent Duggleby, with a panel of tax and benefit experts to answer questions on the Budget. That's Budget Call, Radio Four noon. And a week today Money Box Live is live from Plymouth, the Drake Shopping Centre. You can come and be in the audience, ask a question, or get confidential advice all day from the BBC Money Matters team of experts. That's next Wednesday. I'm back at noon on Saturday with Money Box and on my Twitter, Paul Lewis Money, whenever I'm awake. Budget revelations as I come across them.