Your Home Finance

Finance Made Easy

A Guide to Mortgages

Buying a house is one of the biggest financial commitments that you will make in your life, which is why there are a number of mortgages on offer to suit a range of individuals and their specific needs. However, we understand that having so much choice can make it overwhelming to know what is right for you. That's why we are here to help.

What are the different types of mortgages?

— Fixed

Most mortgages will either have a fixed or flexible rate. A fixed-rate mortgage means that you will have a set rate and therefore fixed monthly repayments for an agreed length of time. This initial deal period is usually between two to five years but can go up to ten and, in some cases, could even be the entire length of the mortgage. There may be penalties for getting out of a fixed-rate mortgage before the end of the agreed period.

Fixed-rate mortgages can be helpful for budgeting as your monthly payments will be a fixed percentage of the amount you borrowed. If interest rates go up, your payments will stay the same, however they won't go down either.

— Variable

The cost of variable mortgages can go up and down in line with interest rates. There are different variable mortgages to choose from.

Tracker

Trackers will follow or track a pre-arranged set interest rate – usually the Bank of England's Bank Base Rate. Your mortgage rate will be a fixed percentage point above this. For example, if your tracker mortgage is 0.6% above Bank Base Rate and Bank Base Rate is 4%, that month your interest rate would be 4.6%.

With a tracker mortgage, you could benefit from a cheaper mortgage if interest rates go down. However, your repayments could vary from month to month and risk going up if the Bank Base Rate rises.

Discount

A discount rate mortgage is a set percentage below the lender's standard variable rate. These rates can differ significantly so, depending on the lender, a discount rate mortgage could still end up being a more expensive option. However, there are usually lower early repayment charges than fixed-rate deals.

— Offset

An offset mortgage is linked to a savings account with the same lender. While your savings are not used to pay off your mortgage, they help to reduce (or 'offset') the total interest that you are charged on your mortgage. For example, if you had a mortgage of £250,000 and savings of £25,000, you would only pay interest on the difference - £225,000. This could help you to clear your mortgage early as it would reduce your monthly repayments.

Offset mortgages are an appealing option for those who have savings but do not want to put the money directly towards the deposit. However, you do have to forgo any interest that you would have otherwise earned on those savings.

— Cashback

If you apply for a cashback mortgage, you will receive a lump sum from your lender once your house purchase is complete and mortgage is drawn down. This could help you pay for moving costs, legal fees or new furniture. These deals do often have higher interest rates, so it is important to check it is the best option for you in the long run. We can discuss this as an option.

— Flexible

The terms of flexible mortgages vary, but they tend to offer more flexible repayment options. They might allow you to make regular overpayments so you can pay off your mortgage quicker. Or, in certain circumstances you could have the freedom to make underpayments and take payment holidays.

— Standard variable rate (SVR)

Each mortgage lender has an SVR which roughly follows the Bank Base Rate. The lender can move rates when they like, so the SVR is not guaranteed to go down or up at the same time as interest rates. When the initial period of a fixed, tracker or discounted mortgage ends, your mortgage will usually move to the lender's default SVR unless you remortgage.

Everyone's circumstances are different, so it's important that you find the best deal for you. We are here to help – we have extensive knowledge of the mortgage market and we're able to access deals that are only available through brokers.

What are mortgage terms?

The typical length of a mortgage has increased in recent years due to affordability challenges. In 2025, the average mortgage term for a first-time buyer was 31 years[1]. Mortgages should ideally be as short as possible to reduce the amount you end up paying in interest; however, this means higher monthly repayments. If you have a longer mortgage, your monthly repayments go down, but you will ultimately pay more in interest.

— Loan to value

Loan to value, or LTV, is the amount of money you have borrowed from your lender compared with the total property price. For example, if you have put down a 10% deposit of £40,000 on a home worth £400,000, you will have £360,000 left to pay so your LTV is 90%.

The more you can put down as a deposit, the lower the LTV. The lower the LTV, the less of a risk you will be in the eyes of a mortgage lender as you have a smaller loan to repay.

— Guarantor mortgages

A guarantor mortgage is for buyers who may not otherwise qualify for a mortgage. The borrower will have a guarantor who agrees to cover the monthly repayments if the homeowner cannot pay. The guarantor would not have any share in the property, but their own home would be at risk if they cannot repay the loan either. Guarantor mortgages might be useful for first-time buyers who have family members willing to support them financially, but do not want to contribute to the deposit.

— Other circumstances

If you are remortgaging, a first-time buyer or looking at buy-to-let, there are other options available to you.

— Specialist mortgages

If your circumstances are different to that of a standard borrower, you may need a specialist mortgage. Examples include:

Self-build

If you want to build a property yourself and need to fund the cost, you will probably take out a self-build mortgage. The lender would pay the loan to you in stages to make sure you don't spend all the money at once.

[1] UK Finance, 2025

— Mortgage guarantee schemes

There are schemes in place to help people purchase homes. The government's Mortgage Guarantee Scheme incentivises lenders to offer 91-95% LTV mortgages, thus increasing the availability of deals that are suitable for buyers with a smaller deposit.

The First Homes scheme helps first-time buyers in England to buy a home in their area at a discount of 30%-50%. Certain criteria applies.

— Retirement interest only (RIO)

A RIO mortgage is only available to those over a certain age – usually 50 or 55. It's an alternative to equity release for those wanting to borrow against the value of their home. You don't have to pay the loan back until you die or go into long-term care. In the meantime, you repay the interest each month. It's a way of unlocking cash in retirement without needing to downsize, but it's not right for everyone and professional advice is essential. Please refer to our Guide to Equity Release to find out more.

— Bridging loans

A bridging loan is a short-term loan, commonly used to fund a house purchase whilst waiting to sell your current property (so bridging the gap between sales). These loans are secured against an existing asset such as your home, so there is a lot at stake if you cannot repay it.

— Green mortgages

Lenders are encouraging buyers to opt for energy-efficient homes by rewarding borrowers with either cashback or better interest rates. You are likely to be eligible if you are buying a property with an excellent EPC rating or if you are making eco-friendly improvements to your home, such as the installation of solar panels.

Getting professional advice is particularly beneficial if you are concerned that your circumstances may affect your application – for example, if you are self-employed or have complex income.

Contact us

We understand that finding the right mortgage can seem daunting, but we can take some of the stress away. When we make a mortgage recommendation, we will supply you with a mortgage illustration document with details of the potential deal such as the overall cost, number of payments and interest rates. You then have all the information you need to assess whether the mortgage is right for you.

If you would like help moving up or down the property ladder, just get in touch.

Your home may be repossessed if you do not keep up repayments on your mortgage.

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. We cannot assume legal liability for any errors or omissions it might contain. No part of this document may be reproduced in any manner without prior permission.

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