Product transfers and remortgaging: What's the difference?

Should you stick with your current lender or find a new mortgage provider? Choosing a new mortgage isn't always an easy decision. Here we set out the differences between a product transfer and remortgaging.

Product transfer

What is it?

Simply switching mortgage product with your current lender to secure a new fixed or variable rate.

Why choose a product transfer?

- It's quick and easy – there is no need to fill in a detailed application!
- You will not have to pay solicitor or conveyancer fees
- You're just switching, so there is no affordability check
- You can also apply to borrow more. Subject to affordability checks and new application.

A quick product transfer could help Alice to reduce her monthly repayments.

Alice's 5-year fixed rate product is coming to an end and she needs to find a new deal.

Since Alice took out her last product, rates have fallen. Her circumstances remain unchanged and she has continued to pay her mortgage.

Alice wants switching to be quick and convenient, without having to fill in a new application.

Alice's mortgage advisor suggests a competitive deal with her current lender. This reduces her repayments and means she won't move onto the lender's Standard Variable Rate.

Remortgaging

What is it?

Arranging a new mortgage with a new lender.

Why choose to remortgage?

- You can increase the amount you want to borrow
- Your broker searches across the market for the best deal
- You could get a more suitable product if your circumstances have changed.

Remortgaging could help David to save on his mortgage, while unlocking the cash he needs for home renovations.

David's fixed rate is coming to an end. By remortgaging, he could reduce his monthly repayments.

David plans to fit a new kitchen too, but he would need to borrow more to make these changes.

Since he took out his mortgage, David's salary has increased, so he can afford to borrow more.

David's property value has also grown. By paying his mortgage, he is increasing his equity in the property if he's on a repayment mortgage.

David's mortgage advisor searches the market and finds a good deal that reduces his repayments, but with the extra borrowing he needs.

0800 121 7788 Please check our website for our opening hours.

coventryforintermediaries.co.uk

These are just examples of the types of situations where a product transfer or standard remortgage might be more appropriate. To find out which option would best suit your circumstances, speak to your mortgage advisor.

Coventry Building Society.
Principal Office: Coventry House, Harry Weston Road, Binley, Coventry, West Midlands CV3 2TQ.

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