

VIEWPOINT

RELEASE FREEDOM

Thanks for reading our newsletter if you want to discuss any of the articles in more detail please get in touch

RELEASE
FREEDOM

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Don't fall for a financial scam

Official bodies are warning consumers of an increase in scams designed to prey on people's coronavirus fears.

Statistics from Action Fraud reveal that over £16m was lost to online shopping fraud during lockdown. In some scams consumers purchased goods online that never arrived. Others targeted animal lovers who lost nearly £300k in just two months after putting down deposits on non-existent pets advertised online.

Get scam savvy

Being familiar with the most common scams is essential to recognizing the danger signs. Recently, UK Finance released a list of the most common scams relating to COVID-19.

Financial support scams

Victims report receiving official-looking emails purporting to be from government departments or local authorities, offering financial assistance in the form of grants or 'COVID-19 relief funds'. These emails contain links to websites encouraging victims to enter their personal and financial details. Other examples include emails offering a 'council tax reduction' as well as scams targeted at Universal Credit recipients.

Health scams

These scams prey on victims' fear of contracting COVID-19. They include fake Test and Trace emails informing the victim they've been in contact with somebody with COVID-19, containing links leading to websites that steal the victims' personal and financial details, as well as fake adverts for PPE.

Lockdown scams

These scams include fake emails that look like they are from TV Licensing or an online streaming provider, informing victims that they need to update their payment details. Other fraudsters are using online dating websites to take advantage of isolated people and manipulate them into handing over cash, while some are tricking victims with fake investment opportunities.

Stop and think

Spot the warning signs - If you're contacted out of the blue, if the investment risks are downplayed, or they are using pressurised selling tactics which offer a bonus or discount, it should set off alarm bells. And if the offer is 'one time only' or you're asked not to share the details of the 'opportunity', there is a high risk of a scam

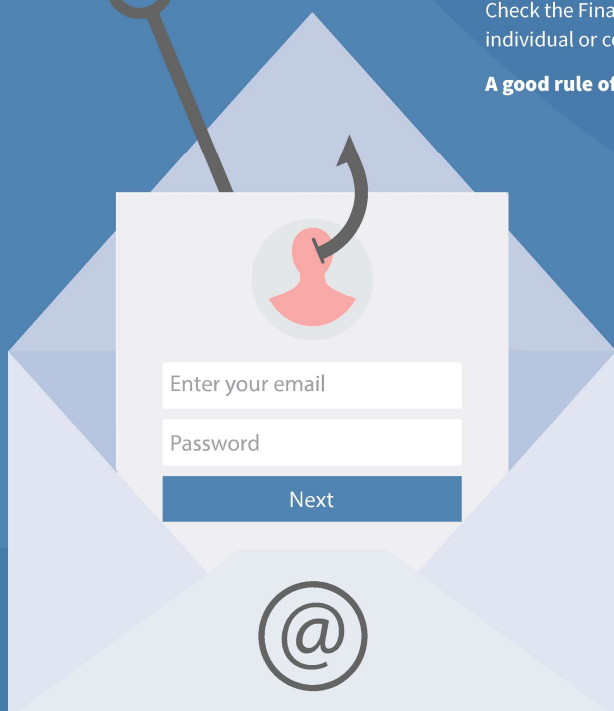
Check the Financial Services Register – register.fca.org.uk or **0800 111 6768** – If an individual or company is not on the register it's probably a scam

A good rule of thumb, with all scams if it's too good to be true, it probably is.

If you think you are being targeted by a scam hang up the call, delete the email, rip up the letter. If you think you have been the victim of a scam already contact action fraud, the UK's national fraud and cybercrime reporting centre, immediately on **03001232040**.

To find out more about how to protect yourself from financial scams visit

- FCA ScamSmart fca.org.uk/scamsmart
- Take Five takefive-stopfraud.org.uk/
- Pension Wise pensionwise.gov.uk/en
- The Pension Advisory Service pensionsadvisoryservice.org.uk/



Exchanging contracts? Get insured first

Purchasing a property can be a busy, stressful time and it can seem like there are a million things to remember. Some things however, are more important to remember than others – for example, getting the right insurance in place at the right time.

Many people believe that they only need to take out buildings insurance once they move into their new home. However, this is not the case. It can come as a surprise to find out that, in most cases, the responsibility for insuring the property becomes the buyer's as soon as contracts are exchanged.

Avoid stress, get prepared



Exchange

Once contracts have been exchanged, you're committed to the purchase and can't back out without forfeiting your deposit.



Insure

If the property is damaged or destroyed between exchange and completion, you're still contractually bound to complete the purchase and will immediately face hefty costs to repair your brand new home.



Relax

To avoid stress and guarantee peace of mind, researching your options in advance and taking out insurance on the day contracts are exchanged is very important.

Getting the right policy

Buildings insurance covers the cost of repairing or rebuilding your property in the event of damage. It covers the structure of the property, as well as outbuildings such as garages and sheds and fences, and external items such as pipes, cables and drains. It doesn't cover possessions and furniture inside your home – you will need a separate contents insurance policy for this.

How much you pay for buildings insurance will depend on the rebuild value of your new home. This should not be confused with the property's current asking price. It is how much it would cost to completely rebuild your home from scratch. There are tools available to help you calculate the rebuild value of your home, including a special calculator on the Association of British Insurers' website.

Here to help

We can help you find the most suitable buildings insurance policy for your circumstances, giving you one less thing to worry about. We can also advise on any additional cover you may need and get everything in place by the time you exchange.

As with all insurance policies, conditions and exclusions will apply

How the Stamp Duty holiday works

On 8 July, the threshold at which Stamp Duty became payable on properties was increased from £125,000 to £500,000. This means that almost nine in 10 buyers will pay no Stamp Duty before the holiday ends on 31 March 2021.

For those purchasing properties the rates are as follows:

0%

£0 to £500,000

5%

The part from
£500,001 to £925,000

10%

The part from
£925,001 to £1.5m

12%

Anything above £1.5m

Stamp Duty holiday has positive impact

The COVID-19 pandemic has had a significant impact on the property market, but latest figures indicate there are positive signs of growth following the introduction of the Stamp Duty holiday.

Property searches rise

Coinciding with the Stamp Duty cut July was the busiest month so far this year for mortgage searches. The largest rise occurred in the £500,000 - £1m region, with Stamp Duty savings making these properties more accessible. Remortgage levels have remained consistent with pre-lockdown levels and purchase levels have quadrupled. Searches from first-time buyers are also up.

House prices jump

On another positive note, house prices rose by 7.5% year-on-year in October bringing the average price to £250,457, according to data from Halifax.

Pent-up demand and a low supply of available homes, plus support from the Stamp Duty holiday, has helped to exert upwards pressure on house prices. This, along with a significant jump in mortgage approvals and signs that confidence is growing, suggests the immediate future for the housing market is looking brighter. However, Halifax also warned that looking further ahead, there is still much uncertainty around the lasting impact of the pandemic, particularly as government support measures come to an end.

Increasing interest from overseas

The Stamp Duty cut has also led to a surge in interest in the UK property market from overseas. In addition, many overseas buyers are looking to purchase property before the introduction of an extra 2% Stamp Duty surcharge for non-UK buyers in April 2021.

Throughout July, highly searched terms by mortgage advisers included 'visas', 'expats not in the UK' and 'foreign income'. One in 22 residential searches related to a query for an applicant currently on a visa or an expat not based in the UK.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

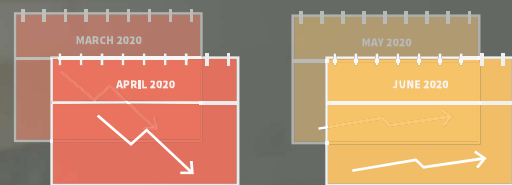
Mortgage affordability in a post-COVID world

Back in March, the Bank of England slashed interest rates to an all-time low of 0.1%, in a bid to alleviate the severe economic pressure caused by coronavirus. As the base rate cut fed through to mortgage rates and with the continuing pressure of a closed mortgage market, lenders responded by withdrawing mortgage offers, increasing rates and pulling products from the market.

Between March and May:

- 2,656 mortgage products were withdrawn, many of which were high loan-to-value (LTV) deals (i.e. those requiring a smaller deposit).
- 396 two-year fixed and 374 five-year fixed deals at 90% and 95% LTVs were pulled from the market

2020: A steep downturn, followed by a cautious return?



Lenders make a cautious return

As certain social distancing restrictions began to be lifted in May and the property market reopened for business, lenders began relaunching higher LTV deals and products aimed specifically at first-time buyers, such as Help to Buy loans.

With the property market still in the early stages of recovery, it's worth being pro-active and following some of these tips to maximise your chances of mortgage approval:

- **Save as much as you can** – while many people are experiencing financial difficulties during the pandemic, many of us are also spending a great deal less than usual. Getting your deposit as high as possible will increase your chances of mortgage success.
- **Clear your debt** – when considering your application, lenders will look at any outstanding debt. Clearing as much debt as possible, as well as closing any unused accounts, will increase lenders' confidence in your ability to repay your mortgage.
- **Understand your credit score** – the better your credit rating, the higher the likelihood you'll be accepted for the best mortgage deals. Understanding your credit rating and how to improve it is key to moving forward with a successful mortgage application.
- **Keep excellent records of self-employed earnings** – providers can be more nervous about lending to self-employed people, so having excellent records of your earnings over the past two or three years (depending on the lender) can really improve your chances.

Consult the experts

We're on hand to make sure you get a great deal for your circumstances, and one that gives you the highest chance of success. Whether you're a first-time buyer or a second stepper, we're here to guide you through this difficult period.

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