

# Mortgage & Protection news

The newsletter from XL Finance Ltd



The positive environment of the early 2026 mortgage market has been massively disrupted by the US/Israeli war with Iran.

» Aside from the obvious outcomes, the primary economic driver of the conflict has been the inflation shock triggered by the rise in crude oil prices.

This has also had ramifications for stock markets throughout the world and other economic indicators, such as Swap rates.

## Swap rates

These are a key influence on the pricing of **fixed rate mortgages**, with rate moves often being mirrored by lender deals a few weeks later. Up until the start of the war (28 February) rates were on a downward trajectory since the beginning of the last quarter of 2025. The war dramatically changed the direction of travel, with massive rises in swap rates, and lenders following suite by pulling deals and repricing upwards.

*(Source: Chatham Financial, 1 April 2026)*

## Consider locking in a deal?

Prior to the conflict, many borrowers were looking to the initial months of 2026 as a time to implement decisions that were possibly put on hold until they knew the outcome of last November's Budget.



# The Path Ahead

With the added impact of current world events, borrowers, who are within six months from the end of their fixed rate mortgage period, should consider locking in a new deal.

Whilst many deals have already been priced upwards - the short-term trajectory may well continue in that direction.

Once a new deal rate is in place, we can then take a view over the next few months, should the conflict end, and the economic climate returns to the more positive environment of early 2026.

If so, this may then deliver the option of

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## FIXED DEALS coming to an end

A sizeable **1.8m homeowners** will be **looking to remortgage in 2026**, as their fixed-rate deal period comes to an end. This equates to around 21% of all outstanding residential mortgages.

Additionally, there are around **290,000 buy-to-let loans** that will

also come to fruition in 2026.

*(Source: UK Finance, December 2025)*

For those that are coming off 5-year fixed rate deals, there may be a shock, although it may still be beneficial to lock in a rate now. As for those coming off 2-year deals, similar rates may be on offer.

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■ For our mortgage advice services, we normally charge a fee, however, this will be dependent on your circumstances. Our typical fee is £599.

■ **Your property may be repossessed if you do not keep up repayments on your mortgage.**

# The Path Ahead (contd)

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switching to a better rate, ahead of the new deal period commencing.

## Bank of England Base Rate

There have been a number of reductions over the last year or so, although, due to world events, there was no reduction at the March meeting. The next rate-setting meeting will be at the end of April.

## Professional advice is key

To help make sense of your options, it's important to **seek advice**.

As it stands, at the time of writing (early April), the 'average' fixed rates for a 2-, or 5-year deal currently stand around a high 5%, but better rates in the realms of a mid or high '4' may be on offer. Although the lowest rates generally apply to loans of 60%, or less, against the value of the property.

(Source: [moneyfactscompare.co.uk](https://moneyfactscompare.co.uk), 1 April 2026)

## Positive developments

It's not all bad, as after a difficult few years, 2026 was starting to offer a more optimistic outlook.

The industry regulator, the Financial Conduct Authority, has helped to create an environment that has enabled some **relaxation in the affordability criteria**, which could mean that borrowers may be able to borrow more (or borrow at all).

Alongside this relaxation, there are also **improved loan-to-income deals**, which may offer up to five, six or seven times income!



Both elements will certainly help those struggling to obtain the mortgage they need, and enable others to borrow more - to secure the home they want, or to improve the one they have.

## More tailored needs

Some mortgage applications may be fairly straightforward, but others can be **more complex** - such as the borrowing needs of the **self-employed**. For this group, and for others, the issues may only become apparent, once we start talking through your situation, and understand what you require.

In fact, the more complex cases are a

key reason why potential borrowers turn to us.

This is because **we also have relationships with Specialist lenders**, who may provide the solution, if the High Street lenders are not a viable, or suitable option.

**Please get in touch to hear more.**

**You may have to pay an early repayment charge to your existing lender if you remortgage.**

■ **Your property may be repossessed if you do not keep up repayments on your mortgage.**

## ...MARKET FACTS...

### Base Rate

Remains at

# 3.75%

The 9-person committee voted unanimously to keep the rate at this level.

(Source: Bank of England, 19 March 2026)

### Inflation

Annual CPI inflation figure is

# 3.0%

The Bank of England target figure is 2%.

(Source: Office for National Statistics, CPI, 25 March 2026)

### Property prices

Average annual UK Property price rose by

# 2.2%

to £277,186

(Source: Nationwide, House Price Index, March 2026)

### Mortgages

Average 2-year Fixed Rate

# 5.84%

Average 5-year Fixed Rate

# 5.75%

(Source: [moneyfactscompare.co.uk](https://moneyfactscompare.co.uk), 1 April 2026)



According to research, only 46% of **First-Time Buyers** were successful in securing a mortgage.

(Source: Shawbrook, Home-A-loan 2025 report, November 2025)

# First-Time Buyer **ADVICE**

» However, the same research showed that only around 22% (of the 2,010 surveyed) used a mortgage adviser to apply for a mortgage, which is way below the market-wide 91% who are expected to turn to brokers, such as us, in 2026. (Source: IMLA, June 2025)

## Adviser Help

And, amongst those who did use a broker, the levels of satisfaction were overwhelmingly high:

- 97% said that brokers helped them to identify the right lender.
- 97% valued their specialist knowledge.
- 95% credited them with simplifying paperwork and admin.

Outside of this survey, we also understand where your mortgage application may fail - such as **missed payments**, a **volatile income stream**, **spending on the wrong things**, and a **bad credit score** (see checkmyfile.com). From here we can look at how to best tackle these issues, along with meeting the **affordability criteria**.

## Affordability & Income Multiples

With regard to affordability, the strict borrowing criteria may have become **less strict**, as the industry regulator, the Financial Conduct Authority, is supportive of loosening up the rules.

Elsewhere, the income multiple rule has also **been relaxed**. The rules state that only 15% of new loans can exceed 4.5 times salary, but the applicable threshold has been lifted from £100m of lending to £150m - which specifically benefits around 80 smaller lenders. Within that 15%, there are some deals, in the overall marketplace, where the loan to income sits at five, six, or even seven times!

## Building up, or securing a Deposit

This is often the main stumbling block, and could be viewed as a two-speed market.

The average First-Time Buyer deposit from those that are **unassisted** is **£60,741** (in itself, a sizeable amount). The comparable average deposit for those that have benefited from **assistance** (such as the Bank of Mum & Dad + Grandparents) is **£118,073** - which equates to 37% of the average purchase price, thereby opening up the better deals. Understandably, the deposit required does vary massively throughout the UK. For example, the average

unassisted deposit for the North East of England is £29,918.

(Source: UK Finance, Trends in the Economy and Lending, May 2025)

However, **don't be daunted**, if you feel that saving a sizeable deposit might be a problem for you. An alternative option is to consider deals that require a 5% deposit (or less). With the added benefit that it may get you onto the property ladder sooner.

## Talk to us

The whole mortgage application process may come across as being quite complex, time-consuming, and possibly confusing. Additionally, most of you will lead very busy lives, and this process might be seen as an added problem, if handled alone.

**That's where we come in. And if this is of interest, then please get in touch to find out more.**

■ **Your property may be repossessed if you do not keep up repayments on your mortgage.**

## Budget support...

There was very little within the November 2025 Budget that was directly targeted at helping First-Time Buyers.

- No positive changes to Stamp Duty (which is applicable in England and N. Ireland).
- No major referencing to the 1.5m new homes that are projected to be built in the 5-year period of this Government, aside from the OBR saying that this will largely occur from 2027-28.
- However, it was stated that the Government will publish a consultation document in early 2026 on the implementation of a simpler ISA product to support First-Time Buyers who want to build up a deposit.

The **Private Rented sector in England** is on the brink of a massive transformation following the introduction of the **Renters' Rights Act**.

This landmark legislation, has marked a significant reform to tenant rights, by rebalancing the relationship between England's **2.3m landlords** and **11m private renters**.

(Source: gov.uk, 27 October 2025)



# The Renters' Rights Act

## Implementation timetable...

This new law is now on the statute books, and will be introduced in stages, with the first stage applying from 1 May 2026.

## The End of 'No-Fault' Evictions

The cornerstone of the new Act is the abolition of Section 21 evictions. This move consigns the so-called 'no-fault' eviction process to history, ending the ability of landlords to uproot tenants with just two months' notice, without needing to state a reason.

For renters, this provides **greater security and stability**, empowering them to challenge poor practice and demand repairs without the fear of immediate homelessness.

In its place, the Act introduces a new framework where all tenancies will be periodic, replacing the Assured Shorthold Tenancy (AST) system.

Landlords will now only be able to regain possession using the Section 8 grounds, which have been reformed and expanded to ensure legitimate reasons for possession are available, such as wanting to sell the property or move in themselves.

Crucially, these new grounds include safeguards for tenants, such as a 12-month protected period at the start of a tenancy, assuming certain criteria are met.

## Key Developments for Renters

The Act brings in several other protections:

**Pets:** Tenants will now have the right to request a pet, which a landlord must consider and cannot unreasonably refuse.

**Decent Homes Standard:** For the first time, this will be applied to the private rented sector, ensuring all rental properties meet a basic minimum quality.

**Abolition of Rental Bidding:** To stop competitive bidding wars, landlords and agents are now banned from inviting, encouraging, or accepting offers of rent above the initial advertised price.

**Discrimination Ban:** Landlords and agents are prohibited from imposing blanket bans on renting to prospective tenants who receive benefits, or who have children.

**Annual Rent Increases:** Rent increases are limited to once per year, with tenants gaining the power to challenge excessive rises at a tribunal.

## New Requirements for Landlords

To manage and enforce the new system, the Act establishes a mandatory Private Rented Sector Ombudsman, which all private landlords must join. This service will offer an impartial and binding route for tenants to resolve disputes without going to court. Furthermore, a Private Rented Sector Database will be introduced, requiring all landlords and their properties to be registered.

## Possible impact on the Rental marketplace

The unintended downside of delivering greater protections for those renting (along with the property tax reforms that were announced in the Budget), is that it could drive more landlords out of the market, reducing availability, and pushing rents higher.

This sentiment was echoed by research amongst our fellow advisers, which showed that four out of five felt that these issues would have a negative impact on both landlords and tenants.

(Source: Family Building Society, Business Outlook Survey, September 2025)

In fact, **if a sizeable number of landlords do sell up**, then renters might be left with a new set of considerations. Either they accept the possibility of higher rental costs/less availability (down the line), or consider taking advantage of more properties 'for sale' coming onto the market, which may benefit First-Time Buyers.

## Where we might be able to Help

It'll, no doubt, take time for all elements to unfold, but if you need to assess your property borrowing requirements, we are there to assist **landlords**, in identifying the most suitable path forward to meet their needs.

Plus, we're also there for those who may prefer to move away from renting, and try to get onto the **property-owning** ladder.

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

# Is it all uphill?

**Landlords** have been hit hard over the last few years, from both **Budget** taxes and **Regulatory** changes.

» Whilst landlords may be happy that the floated idea of charging National Insurance on their rental income didn't come to fruition back in November, but other initiatives did.

One example is that **the rate of income tax from property income will increase by two percentage points from April 2027**. It's a move that the Office for Budget Responsibility (OBR) said will hit landlords in the pocket and force rents up.

This comes on top of previous initiatives from the Government, such as changes to Mortgage Interest Relief, and increasing Stamp Duty charges.

The culmination of all of this, may mean that some landlords might consider leaving the marketplace, which will simply further fuel the demand for rental properties. Those remaining, may adapt in numerous ways, and are monitoring (or already responding to) developments such as the **Renters' Rights Act** - which will start



coming into force from 1 May 2026 - and future **EPC targets**.

Also, the continuous tax hits, will probably make more landlords, who own the property in their own name, consider the **Limited Company** route. Additionally, it may also drive some landlords to consider alternative strategies, to secure higher-yield tenancies, such as student rentals, or Houses in Multiple Occupation (HMOs).

## We're here for YOU...

Whatever route you plan to take, we can be there for you. And, on the upside, **buy-to-let loan deals** have become cheaper in recent months. For example, the average buy-to-let rate on a 2-year fix stands at **5.44%**. Back in July 2023, the average rate hit a **recent high of 6.97%**. (Source: *moneyfactscompare.co.uk*, 1 April 2026)

So, if you're coming off a fixed rate deal, or simply want to have a chat about future financing options, then please do get in touch.

**There is no guarantee that it will be possible to arrange continuous letting of the property, nor that the rental income will be sufficient to meet the costs of the mortgage.**

**The value of your Buy-to-Let property and income from it can go down as well as up. You may also require advice on the legal and tax issues.**

**The Financial Conduct Authority does not regulate legal and taxation advice, and most Buy-to-Let mortgages.**

**HM Revenue & Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.**

**You may have to pay an early repayment charge to your existing lender if you remortgage.**

## LIMITED COMPANY STATUS

■ A reflection of the adaptability of landlords is the sizeable growth in those opting for Limited Company status, with almost 450,000 companies now in play.

(Source: *Hamptons report, February 2026*)

■ Hamptons estimate that around 75% of all new buy-to-let purchases go into a company structure.

■ The higher-rate taxpayers have been particularly motivated by it, as the regulatory rules limit the mortgage finance that you could offset against your individual income. The Limited Company route may help mitigate those tax changes.

■ However, it won't be the most suitable option for all, so do speak to your accountant and solicitor regarding tax issues, and property structures.

**And we're there to give an overview, and to assist with sourcing suitable deals.**

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# Budget Outcomes

As for the longer-term implications of last **November's Budget**, this was a tax-raising Budget (supposedly targeting those with the broadest shoulders); in order to help meet the increased expenditure needs for **Welfare**, the **State Pension**, and **Health**.

» These elements now account for at least 49p of your Tax £, with a further 10p going to fund the interest payments for the **National Debt** (see chart).

## Key Budget announcements...

### Income Tax & National Insurance (NI)

The thresholds for both have been frozen for a few more years, until April 2031. This is what's called a 'fiscal drag', or 'stealth tax'.

The impact of this is that between 2022-23 and 2030-31, **5.2m additional individuals** will have been brought into paying income tax. And **4.8m more** will have moved to the higher rate of tax, and **600,000 more** onto the additional rate.

The consequence of this, is that around £177bn more is expected to be raised from income tax in the 2030-31 year vs. 2022-23!

### Salary Sacrifice

The amount that people can 'sacrifice' from their salary - thereby avoiding NI on pension contributions - will be capped at £2,000 a year from 2029. At the moment there is no limit.

### Dividend Income

From April 2026, there will be a 2% rise to the ordinary and upper tax rates on dividend income.

### Cash ISAs

The amount the under-65s can put into a Cash ISA (Individual Savings Account) will be capped at £12,000 a year, with the rest of the £20,000 annual allowance reserved for investments. It's applicable from April 2027.

### High-Value properties

From 2028, homes in England, worth more than £2m, will face a Council Tax surcharge of between £2,500 to £7,500, following a revaluation of bands F, G, and H.

### Landlords

The tax on rental income will increase by 2%, from April 2027.

### Two-Child Benefit Cap

This will be removed from April 2026, enabling those with three or more children, for whom it's applicable, to also receive universal or child tax credit for these children too, if they were born after 6 April 2017. It's said that this will bring 450,000 children out of poverty.

## How the Taxpayer's £ is spent

Expenditure area	of £1
Social Protection <i>(inc. Welfare &amp; State Pension)</i>	28p
Personal Social Services <i>(largely Local Authority provided support for vulnerable people)</i>	4p
Health	21p
Interest on National Debt	10p
Education	10p
Defence	6p
Transport	5p
Public Order & Safety	4p
Industry, Agriculture & Employment	4p
Housing & Environment	4p
Other	4p
	100p

*(Source: HM Treasury, projected 2026-27 expenditure)*

### Transport

The 5p temporary cut in fuel duty on petrol and diesel will be extended, until September 2026. Also, there will be a new mileage-based tax for electric vehicles, and plug-in hybrid cars to be introduced from 2028.

### Inheritance Tax (IHT)

Like Income Tax and NI, the IHT threshold has also been frozen until 2031, which will bring more people into its net.

### State Pension

This will go up by 4.8% from April 2026 which is more than the current rate of inflation, due to the 'triple lock' policy.

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# Hard-Working Families

Your property is likely to be **your biggest asset**, and one where you've probably put in a lot of time, effort and expense to make sure it works well for you. Sadly, the Government also recognises this financial value.

» Of course, it's not all bad, and you may have invested well over the years, and built the financial value of your home. And as we move through this difficult economic period, you may also need to factor in some of the decisions from last November's **Budget**, such as:

## Mansion Tax

This is applicable to homes valued over £2m. Those between £2m-£2.5m will face an **added cost of £2,500**; up to properties valued at £5m+, which will be **taxed at £7,500**. And, it'll be an annual charge, in addition to the existing council tax liability. It's thought that 100,000 properties are to be affected. For some, the financial hit may be manageable, but the worrying aspect is that a number of those homeowners may be equity rich, but cash poor. However, it won't come into effect until April 2028, and much may happen before then.

## Salary Sacrifice Schemes

If you're in the fortunate position not to need all of your income to cover day-to-day costs, then the Salary Sacrifice Scheme might be something you've utilised. The advantage of this scheme is that **you can pay into your pension without paying National Insurance**. Unfortunately, following the Budget, the Government imposed a £2,000 a year cap, before NI kicks in, albeit not in place until 2029.

## Property & Life Planning

One of the biggest issues about the Budget, was all the uncertainty it caused in the months leading up to it. In fact, lots of decisions may have been set aside until the path ahead was known. Now that we're at that stage, some of those plans could encompass:

- Renovations to the home.
- Seeking a new one.
- Tidy up of the finances, and mortgage needs.

For all of the above issues, **we can be there for you**, and help you take advantage of what loans may be on offer out there.

Also, beyond your borrowing needs, you may wish to look at **protection cover** for **yourself, your family** and the **home they live in**. Additionally, perhaps also consider other sensible initiatives, such as:

- Wills - Worryingly, over half of all UK adults have not made a will (56%), and those that have, may want (or need) to revisit it.

*(Source: Money & Pensions Service, January 2025)*

- Guardianship Arrangement - If you have young children and, for example, both parents die at the same time, your children may, initially, be put into care, unless something like a Guardianship document is in place, which sets out your requests.

**Do let us know if you'd like to hear more.**

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For our mortgage advice services, we normally charge a fee, however, this will be dependent on your circumstances. Our typical fee is £599.

- The contents of this newsletter are believed to be correct at the date of publication (April 2026).
- Every care is taken that the information in the *Mortgage & Protection News* publication is accurate at the time of going to press. However, all information and figures are subject to change and you should always make enquiries and check details and, where necessary, seek legal advice before entering into any transaction.
- The information in this newsletter is of a general nature. You should seek professional advice tailored to your needs and circumstances before making any decisions.
- We do hope that the newsletter is of interest to you, however, please inform us if you no longer wish to receive it.

## Family Protection Cover

It's important to ensure that you have policies in place that will help protect (or replace) your income stream, should you fall ill, face an unexpected serious illness, or possibly die.

If any of these issues occur, then it's quite likely that others (and yourself, if recovering) may be reliant on a lump sum payout, or ongoing income stream, to help meet day-to-day costs, and the mortgage payments.

- As with all insurance policies, terms, conditions and exclusions will apply.

■ We cover mortgages, insurance and protection products along with a number of other financial areas, so do contact us if you'd like to discuss your financial needs: Tel: 07753 748 780 Email: becki@xlfinanceltd.co.uk Web: xlfinanceltd.co.uk