Summer/Autumn 2026

Mortgage & Protection news

The newsletter from XL Finance Ltd

XL Finance
mortgage and protection advisers

With so much going on in both the UK and Overseas, it's vital that you take **professional advice** with regard to your Mortgage and Protection needs.

» Along with facing numerous other developments, we now have a new PM in place, and a new Chancellor, with initial actions/messages such as:

- The desire to focus on the cost of living - with early savings for energy bills, bus travel, and hospitality; and possible revenue support from North Sea oil.
- The commitment to maintain the fiscal rules. Although, there may be a review of the freeze on the income tax personal allowance (£12,570), to ease the fiscal drag for lower earners.
- They intend to look for more regional empowerment, including a No. 10 North (operating alongside Downing Street).
- Renewed focus on social care funding.
- More information will be forthcoming over time, with the major economic developments being addressed in the Autumn Budget, with greater detail on how the taxpayer's £ will be spent (see box item).

Your Mortgage/Property

In terms of your future mortgage deal, or property purchase, much of this is influenced by government initiatives, the financial markets, plus the desire by lenders to try and win your business.

Lock in a new deal?

With the Yo-Yo-ing of mortgage rates, those borrowers, who are within six months from the end of their fixed rate mortgage period, should consider locking in a new deal.

By starting the conversation now, we can secure a rate for you - and think of it as an insurance policy. If the lender's rates rise, your lower rate is locked in. If rates happen to fall before your current deal ends, we can look to switching you to a cheaper product.

Swap rates

These are a key influence on the pricing of **fixed rate mortgages,** with rate moves

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How the Taxpayer's £ is currently spent

Expenditure area	of £1
Social Protection *(inc. Welfare & State Pension)*	28p
Personal Social Services *(largely Local Authority provided support for vulnerable people)*	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)

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We've got it Covered... (contd)

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often being mirrored by lender deals a few weeks later. At the time of writing, Swaps had been on an upward path - but with a slight correction following late July's Base Rate hold. The 'correction' may result in future cuts, to balance against the lender increases of recent weeks, albeit there have been some decent rate cuts over the past few months. *(Source: Chatham Financial, August 2026)*

Professional advice is key

The 'average' fixed rates for a 2-, or 5-year deal currently sit around a mid 5%, but better rates in the realms of a mid '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, August 2026)

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

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 to 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.

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.

INCOME PROTECTION

There's been much talk from the new PM about the Cost of Living. A view that's echoed by a recent Royal London report, where 25% of UK Adults think they'll need three years or more to recover from the current high living costs. *(Source: Royal London, Financial Resilience Report, 2026)*

» These worrying findings come from an assessment of their current circumstances. So, imagine if the income stream of the main earner(s) was curtailed by being **off work, long-term,** due to mental health issues, an illness, or injury.

Could that happen?

Most of us will feel that this is highly unlikely. Yet, there are currently about **2.75m** people in the UK that aren't working due to long-term sickness.

(Source: Office for National Statistics, Labour market overview, July 2026 release)

That's why you should consider an **Income Protection** plan.

Dependent on the type of plan you opt for, it could deliver a **tax-free** monthly payout until you're well enough to return to work, retired or have died, whichever occurs first.

Funding Protection cover

We recognise, as shown above, that household budgets are under pressure. So, it's understandable that some will feel that the 'Protection Insurance' conversation could be kicked down the road.

For some, it might be viewed as tomorrow's problem, but **it could happen today!**

And ironically, the pressure exerted by funding mortgage costs, and rising cost-of-living expenses, actually reinforces the importance of having some measure of protection insurance in place.

However, if funding this vital cover remains an issue, then a (cheaper) shorter-term version is also available.

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

Talk to ...us

We all use Artificial Intelligence (AI) to assist our work and personal lives, but **the human touch** remains key.

» A mortgage loan is probably one of the biggest financial deals you'll undertake. And, the process you need to go through, to secure a home loan, can be extremely complex, so it makes sense to look to a human, and **take Professional Advice.**

The information journey

However, we do recognise that with AI, you can simply ask: *'What's the best mortgage for me right now?'* and you'll get an answer - in a matter of seconds.

But when it comes to the largest financial commitment of your life, relying entirely on an algorithm leaves you exposed to several massive blind spots...

AI Reads Algorithms; We Read Underwriters

An AI platform can scour the internet to find a list of low interest rates. What it cannot do is tell you that 'Lender X' will reject your application because your self-employed accounts have an unusual dividend structure, or that 'Lender Y' is currently taking three weeks to respond.

We don't just find rates - we know which lenders are actually approving cases efficiently at the time of your application.

The Mis-information Risk

AI models are largely trained on historical internet data. In a fast-moving market, possible mis-information could result in you applying for a product you have zero chance of getting, resulting in a damaging hard footprint on your credit file.

Ideally, you don't want to make too many separate applications for a mortgage. That's a key reason why Advisers, like us, would listen to your needs and then identify a suitable lender, where you'll hopefully have a better chance of success.

More complex needs

Some mortgage applications are fairly straightforward, but others can be **quite complex** - such as the borrowing needs of the **self-employed,** or **landlords.** For these areas, 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.

We'll hold your hand...

A chatbot doesn't know the stress of a chain falling through, or how to liaise with all parties to try to get the hoped-for outcome for a client.

The Protection question

AI is also unlikely to have a detailed understanding of the borrower, their income stream, and how to best protect them and their family - should the worst occur. Or, if the borrower is unable to continue receiving a regular income due to an illness, injury, or mental health issue.

And, the insurers do pay out. In the latest claims statistics, an average of around **£21.5m was paid out each day** for Life, Income Protection, and Critical Illness claims. With about **96% of all claims being met,** we will help to ensure you answer honestly, when setting up a plan, as we don't want you to be part of the 4% that have their claim rejected. *(Source: Association of British Insurers, 2025 data, June 2026 release)*

Please get in touch to hear more.

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FIXED DEALS coming to an end

A sizeable **1.8m homeowners** will probably **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.
(Source: UK Finance, December 2025)

One of the biggest initial barriers facing potential **First-Time buyers** - alongside pulling together the deposit, and meeting the affordability criteria is - **Awareness.**

The First **Home**

» Too many people still assume homeownership is beyond their reach without ever properly researching their options. In fact, recent research showed that almost half of aspiring homebuyers had never spoken to a mortgage adviser, or lender, to find out more.

Many assumed they could not afford the deposit, nor meet the criteria for a mortgage, and were unaware of the products designed to help them - such as no, or low-deposit mortgages. Once they were made aware, **67% said they would be able to buy a home sooner than they had thought!**

(Source: Building Societies Association, Think Again research, February 2026)

RENTING vs. BUYING

- Once you're aware of the options, the deposit may be the biggest stumbling block - but low deposit options do exist.
- Short-Term - In some regions, renting may cost less each month vs. funding a mortgage loan.
- Long-Term - Buying tends to win out - as you're continually building up an asset.
- 30-year mortgage loan - After 30 years, you'll benefit from the financial value of fully-owning your property (with no further monthly mortgage payments) vs. still paying the monthly rent.

This may look a long way ahead - but the sooner you step onto the ladder, the sooner the benefits may accrue.

An honest look at your financials

To enable our conversation to be more productive, you need to give thought to where your mortgage application may possibly fail - such as **missed bill payments,** a **volatile income stream, spending on the wrong things,** and a **bad credit score** (see checkmyfile.com).

Once we have a feel for issues, such as the above, we can look at how to best assist your needs.

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 -** with some deals offer a loan to income of five, six, or even seven times.

Building up a Deposit

This may seem daunting for some, particularly if you're unable to benefit from the Bank of Mum & Dad (or Grandparents). But don't despair, as there are an increasing number of low-deposit mortgage deals out there - requiring a 5% deposit, or less. Whilst, the rate is unlikely to be as good as it would be with a bigger deposit, it may enable you to get onto the property ladder sooner than you thought.

Your First Step

We fully recognise that 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.

And that's where we come in. 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.

Take Control...

Landlords have been hit hard over the last few years, and the new Burnham government may possibly add to those woes.

» With regard to dealing with what's in front of them, the introduction of the **Renters' Rights Act** (in England) - and grappling with future forms of **EPC targets -** are just two of the current issues facing landlords.

Elsewhere, the continuous tax hits, may make more landlords, who own the property in their own name, consider the **Limited Company** route (see below). Additionally, it may also drive some landlords to consider alternative strategies, to secure higher-yield tenancies.

The Positives...

In general, landlords remain active, rental demand continues to hold up, and many portfolios are performing well.

And, further positives are that more than half of all landlords report that property values have risen over the past year, while many have also seen rental yields increase - as set out in Aldermore's Buy-to-Let 2026 report

But the same report shows that nearly half of landlords (45%) are currently unable to expand their portfolios under existing conditions. However, this doesn't point to a lack of appetite. Instead, it highlights how landlords are responding to a more complex operating environment.

In fact, many landlords may be taking a step back and looking more closely at how their portfolios are structured and financed. Borrowing decisions are becoming more strategic, focusing not just on the next purchase but on how lending supports the overall performance of a portfolio.

That's why you need to take Advice

Whatever route you plan to take, we can be there for you. And, on the upside, **buy-to-let loan deals** stand at a less-daunting **5.31%** for a 2-year fix. Back in July 2023, the average rate hit a **recent high of 6.97%.** *(Source: moneyfactscompare.co.uk, 6 August 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.

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.

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.

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

There can be numerous benefits from being one of the **4.5m+ workers** out there that are **Self-Employed.** If things are going well, you will generally see immediate financial returns. However, historically, there was often an issue **when applying for a mortgage.**

Working for YOURSELF

On the positive side, **a number of lenders appear to be more accepting these days of the variable income streams of a self-employed worker,** and also with salaried employees, for whom a sizeable part of their income stream is made up of bonuses, commission, or overtime.

Unfortunately, this more supportive approach by lenders is not as understood as it could be by many amongst the 4.5m+ self-employed - who broadly equate to a sizeable 1 in 8 of all those in employment. *(Source: Office for National Statistics, Labour market overview, July 2026)*

An example scenario

Many of you may relate to this. Imagine that you've spent five years building up your company from the spare bedroom into a decent business with a few staff members, and a solid pipeline of business. And then you want to step onto the property-owning ladder, and approach a High Street bank. The automated application system may flag that your personal income is insufficient for the borrowing amount required. This is partly due to your accountant sensibly structuring your income through a combination of a modest salary and dividends, to help you remain tax-efficient.

This is why it makes sense to take **professional advice.** We'd gather together, for example, your full financial story: two years of certified SA302 tax overviews, complete business accounts, bank statements, and forward-looking contracts that demonstrate sustained recurring revenue.

From here, we know that **different lenders assess self-employed income in fundamentally different ways.** In some cases, the more-enlightened High Street lenders may be a viable option. Alternatively, it might be a lender that specialises more in self-employed mortgages, and one where we can convey to the underwriters the earning potential of a successful self-employed worker.

Put simply, it can be a minefield - but one where we have the market knowledge to help navigate you safely through - to, hopefully, a positive conclusion.

Please get in touch if you'd like to hear more.

Key takeaways for the Self-Employed worker

Structure Matters
How you draw income (salary vs. dividends vs. retained profits) impacts on how lenders view your borrowing capacity.

Preparation is Crucial
Having up-to-date SA302s, tax year overviews, and signed accounts helps to streamline the process immensely.

Not All Lenders are Equal
Specialist underwriters will look beyond standard algorithms to evaluate the true health of your business.

■ **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**