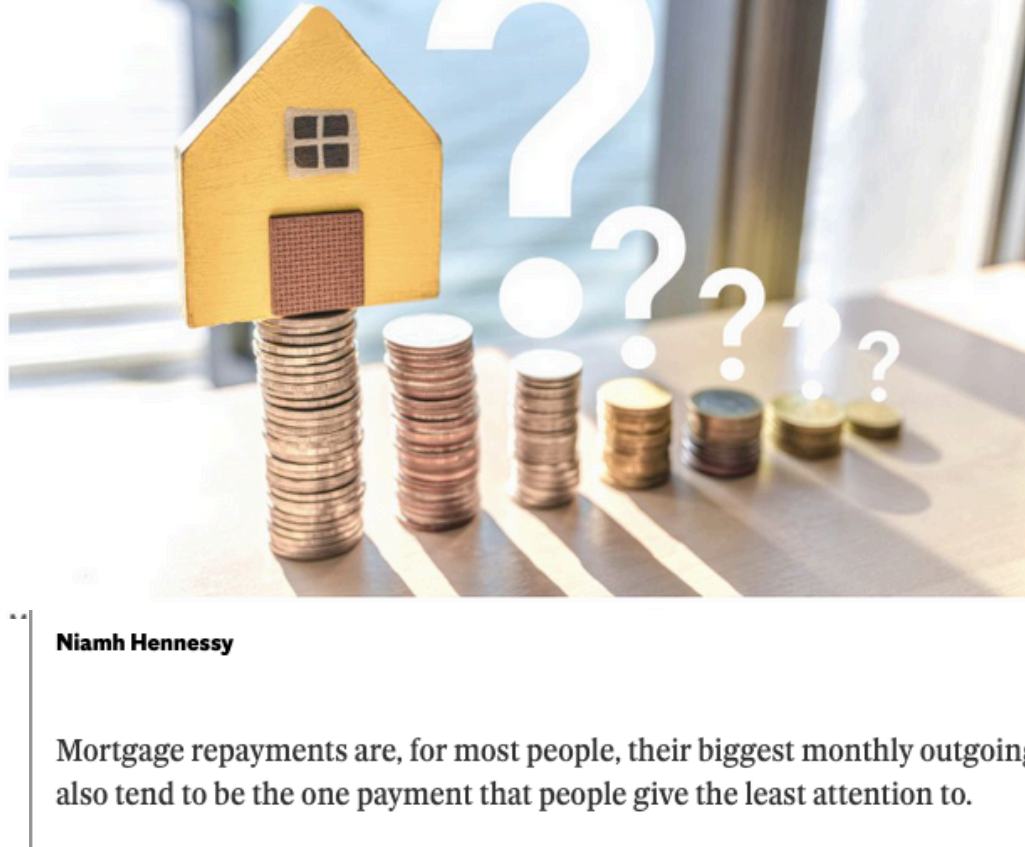


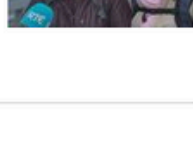
'Only switch provider if you will save a significant sum': Is remortgaging really worth the hassle?

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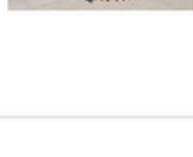
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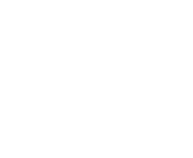
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Niamh Hennessy

Mortgage repayments are, for most people, their biggest monthly outgoing. They also tend to be the one payment that people give the least attention to.

People are quick to pick up the phone to Sky and demand a better deal or switch electricity provider each year.

Yet when it comes to their mortgage, there's a sense that switching or releasing equity on the loan is difficult and perhaps not worth the hassle.

Your money questions – I work on a contract basis. What can we do to stop mortgage lender rejections?

Michael Houghton: 'For many years, I carried a quiet guilt about being a landlord. Now my attitude has started to shift'

'In a lot of cases there isn't enough income there for both of them to start afresh': Who gets the house in a divorce?

Not true, according to many experts, who say people can save thousands of euro by switching. Also, using your mortgage to free up equity can be a lot cheaper than a standard loan.

Remortgaging refers to either switching to a new lender or using an existing mortgage to release some equity, often referred to as a top-up mortgage.

Also when switching a mortgage to another lender, it can be for the same amount of money as was on the original mortgage or you could also borrow extra money.

The latest doddl.ie Mortgage Switching Index shows that mortgage holders can save up to €7,663 a year by switching their mortgage.

But is it worth the hassle for the savings it could bring? We asked the money experts for their thoughts.

'It is not as easy as switching your utilities but the savings can be huge'

Martina Hennessy, CEO of mortgage broker Doddli.ie

"The first step in deciding whether you need to switch mortgage is to understand if there is a financial benefit in doing so," says Martina Hennessy, who adds you should only ever switch if it makes financial sense to do so.

"The switching process has become far more streamlined in recent years with lenders introducing reduced document requirements for switchers and digital application platforms.

"It is worth acknowledging that there is some effort involved, it is not as easy as switching your utilities, however, the savings can be huge, making the time you take to gather documentation so worthwhile."

She points out that the documents you need to provide during the process should be readily accessible online such as bank statements and payslips.

"Challenges can be trying to understand which lender and mortgage option might suit best.

"Switching is totally different to purchasing a home – during purchase you have mortgage, bidding and the stress of closing out on your new home.

"Many homeowners are left with negative connotations about mortgages and switching because their purchase process was such a challenge.

"It is really important to call out that switching is totally different to home purchase, it's a much easier and shorter process. The only reason you switch is if you can save and it is a really positive thing to do."

Ms Hennessy says six lenders in the Irish market offer cashback to those switching their mortgage.

"This can range from €1,500 right up to 2pc of your mortgage back in cash at drawdown. For example, with a €400,000 mortgage, you will get €8,000 lodged to your current account within 40 days of mortgage draw down. In most cases this more than covers the cost of switching.

"Don't put it off, if it makes sense to switch, then act on it. It will save you thousands."

'The process takes time, so be prepared'

Shane Tobin, CEO of True Wealth and LowQuotes

"The main advantage of remortgaging is cost," says Shane Tobin.

"If you qualify for a better rate or want to release some of the equity built up in your home, you may be able to borrow at a lower interest rate than almost any other type of credit."

He points out that many people use this option to fund home improvements, pay education expenses, buy out an ex-spouse or consolidate high-interest debt.

"These are all valid reasons, as long as the borrowing fits comfortably within your budget and long-term plan."

Someone's income, their existing mortgage balance and the value of the property all determine how much additional borrowing they can take on.

He does highlight that many people assume remortgaging is simply switching to a better rate but there is a legal process involved if switching to a new lender.

"A solicitor must redeem your current mortgage, register your new one and handle the transfer of the title deeds. It's not complicated but it is very much worth the effort.

"It does take a few weeks, so it is worth starting early if you know you want to switch or release equity. The first thing you should do to save time is to have your solicitor request the deeds from your current mortgage lender. These can take six to eight weeks to be sent and can delay the whole process.

"Even if a remortgage offers a lower rate, you still need to consider the fees. These usually include a property valuation, legal fees and possible break fees if you are coming out of a fixed rate.

"If these costs outweigh the savings, then switching may not be worthwhile. Always add up the numbers before making a decision.

"Remortgaging can be an excellent financial strategy when used correctly. It can lower your monthly costs, simplify your finances or help you invest in your home. But it should always be approached with long-term planning in mind and as part of an overall financial plan."

'Remortgaging can be one of the most cost-effective ways for homeowners to access funds, but it is not for everyone'

Gerry Griffin, senior mortgage adviser at NFP Ireland

"Although remortgaging can be one of the most cost-effective ways for homeowners to access funds," says Gerry Griffin, "it is not for everyone and really needs careful consideration.

"The increases in home values in recent years mean that many households now have considerably more equity built up in their homes than they did when they first took out their mortgage.

"This improved equity can make it possible to secure a lower rate or release funds for home improvements, debt consolidation or other financial needs.

"And while people are seeing the value of their homes rise, they are also feeling the rise in the cost of everyday goods and services. Energy bills, groceries and other living expenses are putting pressure on household budgets.

"So in certain situations, a remortgage can provide a useful financial lifeline, unlocking equity to ease short-term pressures."

However, Mr Griffin says it is important to remember that this is essentially extending your mortgage and potentially increasing the total interest you will pay over the life of the loan.

"The monthly repayment may be lower but the long-term cost can be higher if the term is lengthened or additional borrowing is included."

He says homeowners should start by reviewing their current mortgage, including the interest rate, remaining term and any break fees if on a fixed rate.

"Comparing the full market is essential. Different lenders target different borrower profiles and a broker can highlight the best options and even show whether your existing lender can offer improved terms.

"Remortgaging is an option but one which demands careful planning and full awareness of the long-term implications. When approached thoughtfully, it can be a valuable financial tool.

"When rushed or used without proper consideration, it can end up costing more in the long run. The key is to balance immediate financial relief with long-term affordability and stability."

'Any decision to remortgage should align with long-term financial goals, not just short-term relief or gain'

Donal Magee, senior underwriter at Nua Money

"Remortgaging often sounds more complex than it really is," says Donal Magee.

"At its simplest, it's about replacing your current mortgage with one that better fits your circumstances. With property values having risen steadily in recent years, many homeowners now hold more equity than they realise, something that brings both opportunities and considerations."

He says, for some, refinancing a mortgage can also unlock funds for essential needs, whether clearing expensive short-term debt, covering education costs or making home improvements that can't wait.

"Non-essential needs can also be considered under the right circumstances such as a holiday of a lifetime for a big birthday milestone.

"However, any decision to remortgage should align with long-term financial goals, not just short-term relief or gain. When you refinance to release cash or consolidate debt, you're spreading that borrowing across the full-term of the mortgage. While monthly payments may drop, the total amount repaid over time can rise significantly."

He says the key is clarity and to know why you're doing it and understand the long-term cost and make sure the new arrangement strengthens, not weakens, your financial position.

'Only switch mortgage provider if you will save a significant sum'

Trevor Grant, chairperson of Irish Mortgage Advisors

"In my experience, when most people think of remortgaging, they think it involves moving their mortgage to another lender. While this is true, when you borrow additional monies from your existing lender, this would also be considered remortgaging," says Trevor Grant.

He says it usually takes between six to eight weeks to complete a mortgage switch but if everything is planned in advance, it is possible to switch in three to four weeks. "You can save significantly by switching."

As a result of new rules being rolled out by the Central Bank under its revised Consumer Protection Code (CPC) next year, the amount of time it takes to switch mortgages is likely to get shorter, Mr Grant points out.

"When switching mortgage to another lender, it can be for the same amount of money as was on the original mortgage or you could also borrow extra money."

He says there are a few key rules of thumb for anyone considering switching their mortgage.

"Always check if you can get better terms from your existing lender before considering switching to another one. Contact your existing lender and ask them to confirm in writing your current terms, any alternative terms available from them and any costs associated in availing of the better terms should it make sense to change them."

He says then, armed with this information, it is time to shop around.

"If after this exercise, you find you can get a better mortgage deal elsewhere, move to a cheaper lender. Only switch mortgage provider if you will save a significant sum."

He says the majority of lenders will contribute to or cover your switching fees and costs when you switch to them.

"While it's important to get as much of your switching costs covered as possible, your priority when switching should be to get the mortgage best suited to your needs so that you can maximise your savings.

"You should only switch to another lender if you are fully satisfied that you will save a relatively significant sum over at least a three- to five-year period. Don't be too swayed by mortgage switching cashback offers, be aware that a lower interest rate on a mortgage may be more valuable than a bonus on a more expensive mortgage."

'Remortgaging is much easier these days'

Joey Sheahan, head of credit at MyMortgages.ie

"Remortgaging is much easier these days since the ability to submit applications online has simplified and streamlined the entire process," says Joey Sheahan.

"If the property to be remortgaged is the family home, then the key information needed from the borrower relates to the current status of the existing mortgage in terms of amount outstanding, monthly repayments, current interest rate, value of the property and the new mortgage amount required."

Mr Sheahan says that mortgage holders should do a review of their home loan every couple of years and a decision to switch to a more favourable interest rate could save thousands of euro over the lifetime of the loan.

He says a homeowner exploring remortgaging in order to fund a renovation could release €48,000 in equity, going from a mortgage of €300,000 at 4.2pc to a €348,000 mortgage at 3pc keeping their payments the same, incurring no extra monthly charge.

'Remortgaging is the cheapest way of getting money'

Nick Charalambous, managing director of Alpha Wealth

"In terms of the applicable interest rate, remortgaging is the cheapest way of getting money," says Nick Charalambous.

He adds that the type of remortgage someone is aiming to complete will determine whether the process is easy or not.

"For example, if you are completing a straight, like-for-like mortgage switch and you select the correct lender, you will have an easier process as some lenders are better at the remortgage process than others and require less documentation with less process touch points."

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He says Avant Money, AIB, Nua Money and MoCo all offer a shortened, straight switch process.

"However, if you are aiming to release equity or incorporate other debt in the remortgage then the process becomes a standard mortgage application with full underwriting criteria required including Proven Repayment Ability for the new repayment."

Mr Charalambous said its important to note that there are fees associated with a remortgage process as a solicitor is involved and to balance this cost people should ensure that any switch is with a lender that offers an incentive for switcher or remortgaging applications that ensures you are not putting your hand in your own pocket for the fee outlay.