



Credit crunch fails tracker rates

Ask4loan - Personal Loans, February 16, 2008

URL: <http://www.pr9.net/business/financial/7359february.html>

The fall-out from the credit crunch is preventing many lenders to pass on the full benefit of interest rate reduction to the consumers.

PR9.NET February 16, 2008 - London (Loans-park) - Tracker borrowers are not getting the benefit of interest rate reductions as the lenders are re-pricing their mortgages. A recent research from an online mortgage company reveals that rates on some tracker mortgages have increased by almost quarter of a percentage point despite the base rate being reduced by double that amount.

Since December last, the Bank of England has cut the official lending rate twice by 0.25% each time, the current rate being 5.25%. However, some tracker rates have increased by as much as 0.23% since December despite the official rate being brought down by 0.50%. Tracker rates follow the base rate of interest as revised by the central bank from time to time. Many lenders have either not reduced their rates in line with base rate cuts or have re-priced their products citing credit crunch and higher borrowing costs in the market.

Francis Ghiloni, marketing and business development director at mform.co.uk, said: "The Bank of England rate cuts are not feeding through to borrowers with trackers as lenders re-price. A 0.5 percent rate cut this month was the minimum that was needed to help both borrowers and lenders and our analysis shows that another cut is needed."

The numbers of mortgages have also come down significantly owing to the credit crunch in the UK financial markets and consequent high borrowing costs. Secured loans and mortgages meant for purchasing homes have also witnessed a rise in their interest rates.

For additional information on the news that is the subject of this release (or for a sample, copy or demo), contact Webmaster or visit <http://www.loans-park.co.uk>

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About Ask4loan - Personal Loans

The author is a business writer specializing in finance and credit products and has written authoritative articles on the finance industry. He has done his masters in Business Administration and is currently assisting Ask4loan as a finance specialist.

For more information related to UK loans please visit: <http://www.ask4loan.co.uk>

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