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Viewpoint

How to avoid a DIY disaster
Will your home insurance cover you for spilled paint or a foot through the ceiling?

Thinking of fixing your mortgage?
The pros and cons of moving off your Standard Variable Rate.

Bank of mum and dad
34% of first time buyers relied on their parents for financial support.

Don’t pay for your DIY disasters

The warmer weather might prompt you to finally get those home improvement projects underway, but are you covered if your DIY goes awry?

With a free supply of hints, tips and video guides available at the click of a button, you might feel confident about saving a bit of money and tackling tasks that you would otherwise leave to an expert. Before you get started though, it’s worth bearing in mind that British property owners pay out a massive £4.4 billion to repair the damage done by DIY.

If you’re diving into a project remember to take care, make sure you have the tools and knowledge for the job you’re undertaking – and, just as importantly, check your insurance cover before you begin.

Are you covered for Accidental Damage?

Despite our best intentions, accidents do happen. Having the correct home insurance in place before you begin a DIY project could cover the cost to repair or replace broken or damaged items.

You might assume that a home insurance policy will cover your DIY disasters, but Accidental Damage cover can be additional cover with some policies, rather than automatically included. Standard home insurance tends to provide only limited cover for accidental damage to things like windows and bathroom fittings, rather than the effects of a stray drill, spilled paint or blown electrics.

In fact, full Accidental Damage would cover you for the following:

Buildings

- Repair of a burst pipe caused by drilling through the wall to put up a shelf
- Putting your electrics back in working order after a botched rewiring job
- Repairing your ceiling after a foot has gone through the loft floor

Contents

- Replacing your carpet after spilling a tin of paint
- Covering the cost of valuable ornaments damaged by the failure of TV wall mountings
- Replacing garden furniture damaged by falling tree branches

As with every type of insurance cover, there are exclusions and excesses that will apply, so it's important that you check your cover meets your needs and expectations.

Leave it to the experts

If you’re hapless with a hammer or dodgy with a drill it might be time to admit defeat, accept the limits of your DIY skills and pay for a professional. Some jobs, like those listed below, have a higher risk of going wrong – along with more costly consequences:

- Electrical work
- Plumbing
- Structural renovations
- Roof repair

And when you consider that one in 10 DIY attempts result in the need of a professional after the initial attempt fails, you might actually save yourself time, money and hassle by hiring a qualified tradesman from the outset.

OW0888 Exp. 14/07/18

Thinking of fixing your mortgage?

If you think an increase in your mortgage repayments could have a negative impact on your lifestyle or financial wellbeing, you may want to consider fixing your mortgage.

Don't be drawn into trying to second guess what will happen with interest rates over the coming years. We can help you come to the most appropriate decision for your next mortgage.

With a fixed rate mortgage, your payments are set at a certain level for an agreed period, regardless of whether your lender changes its Standard Variable Rate (SVR). Such an increase typically occurs when the Bank of England Base Rate starts to climb.

Fixed rate mortgages can offer protection from rate rises for an agreed period, but there are several considerations you'll need to think about before making your decision.

Predictable repayments – but you won't benefit from rate cuts

With a **tracker** mortgage, your monthly payment fluctuates in line with a rate that's equal to, higher, or lower than a chosen Base Rate (usually the Bank of England Base Rate). The rate charged on the mortgage 'tracks' that rate, usually for a set period of two to three years.

Tracker rates might be more appealing if you don't have a fixed budget and can tolerate higher mortgage payments if rates rise, whilst being able to benefit from reduced monthly mortgage payments if rates go down.

But with a **fixed rate** mortgage, the rate (and therefore your repayments) will stay the same for an agreed period. A fixed rate mortgage makes budgeting much easier because your payments will not change – even if interest rates go up. However, it also means you won't benefit if rates go down.

Longer fixed terms will be more expensive

If you choose a fixed rate mortgage, you'll need to decide how long you want your fixed rate to last. Two-year fixed rate mortgages typically offer the lowest initial interest rate. If you want to fix your interest rate for longer, you will probably pay more for that longer-term security. This may be worthwhile in return for predictable repayments, or you might choose to take the lower rate for a shorter timeframe if you expect that your financial position will improve by the time the deal ends.

A change in circumstances could cost you

Do you have any *known* changes on the horizon that will have an impact on your mortgage?

With a fixed rate mortgage, you could face an early repayment charge if you repay all or a certain percentage of the mortgage during the fixed rate period.

If you have no known changes and want to benefit from a longer period of security, then a longer term fixed rate of five years may appeal. It might cost more initially, but you'll benefit from knowing that your budget is fixed for that period.

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

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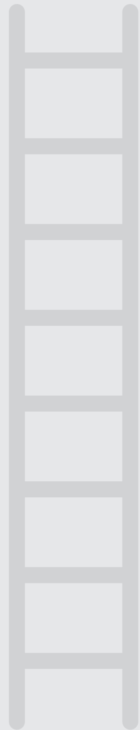
The ninth largest lender

34% of first-time buyers relied on their parents for financial help, making the 'bank of mum and dad', the equivalent of the UK's ninth largest lender in 2017.



If you're trying to get on the housing ladder, you'll know how hard it can be

- The average price of a first home is over £200,000 in the UK (and £400,000 in London)
- The average first-time buyer deposit has more than doubled over the past decade from £15,168 in 2006 to £32,321 in 2016
- Only 29% of all first-time buyer purchases in 2016 were below the £125,000 Stamp Duty threshold.
- 28% of all first-time buyers with a mortgage opted for a 30 to 35 year mortgage term (in 2016)

With numbers like those to the left it's little wonder that so many first-time buyers turned to their parents for financial support in helping them buy their first home. In fact, according to a recent report from Legal and General, the bank of mum and dad could lend more than £6.5bn in 2017, a massive 30% increase on 2016.

The money will help to buy £75bn worth of property and puts parents on a par with the UK's ninth largest mortgage lender, the Yorkshire Building Society.

Is parental support sustainable?

The bank of mum and dad makes an average financial contribution of £21,600 for each property. And of the buyers who received support from their family, 57% received it in the form of a gift while just 5% were given the money as a loan with interest.

According to Legal and General a loan by the bank of mum and dad could wipe out just over half of a family's available net wealth, raising the question of whether this type of support is sustainable over the longer term.

If you're looking to buy your first house with help from your family, we can help you find an appropriate mortgage deal for you.

If you're still in the process of saving your deposit (typically 16% of the value of an average first home), we can help you explore the different ways to invest for your near, mid and long-term plans.

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

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