Mortgage Guide

Finding a mortgage that's right for you

Skipton Building Society is here to help you, whether you're thinking of buying your first home, buying an investment property, looking to move or considering remortgaging.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE. IF YOU HAVE A BUY TO LET MORTGAGE AND YOU FAIL TO KEEP UP WITH PAYMENTS ON YOUR MORTGAGE, A 'RECEIVER OF RENT' MAY BE APPOINTED AND/OR YOUR RENTAL PROPERTY MAY BE REPOSSESSED.

Contents

Part 1

Part 2

Part 1 – General mortgage information

Most of us would like to own a property, which usually means having to take out a mortgage.

Choosing the right mortgage can be confusing because there are so many lenders and so many different types of mortgage. On top of this, the house buying process can seem daunting, particularly if you are buying a home for the first time.

Your mortgage is likely to be one of the largest financial commitments of your life, so it’s important that you get a mortgage that’s right for you. Help is at hand from Skipton Building Society – with a wide range of mortgage options, our qualified mortgage advisers could help you find one from our range that’s right for you.

It’s also important that you fully understand the implications of your financial and legal commitments, especially in terms of the mortgage you are taking and how much you will be paying.

Practical help from Skipton

We want to help you get the most out of your money. This includes checking your affordability, advising you on your mortgage application and supporting you when you're looking to:

- buy your first home
- move home
- buy an investment property
- remortgage to us from another lender
- take out Additional Borrowing or make changes to your mortgage (for existing borrowers).

We don't believe in jargon and over-complicated financial terms. What we do believe in is listening to your priorities, taking you through the process step by step, explaining things in plain English, all in a relaxed, no pressure environment.

We're the UK's 4th largest building society and, as a mutual, our members always come first.

How to apply for a new mortgage

You can start your application for a mortgage over the phone, by contacting us on 0345 607 9825. One of our mortgage team can then carry out an initial affordability check and provide a Decision in Principle (DIP) in under 10 minutes.

If your DIP is approved, you will be able to arrange a full mortgage appointment over the phone or by video call, with our qualified mortgage advisers, who will be able to identify whether we have a mortgage to suit your personal circumstances.

We provide an advised mortgage service, which includes advice and recommendations. An adviser will take all the necessary information and make recommendations to suit your needs.

Help every step of the way

Once your mortgage application is in progress, you will find that we continue to provide the same level of care and attention that we did when you started your application. We want to make sure that your purchase, remortgage, Additional Borrowing or changes to your mortgage proceed in a way that is easy and as problem free as possible.

These steps include:

- gathering information about your needs
- an efficient application process
- quick decisions.

We will continue to provide help when you need it. You can also access a wide range of information online at skipton.co.uk/mortgages.

The different types of mortgage products

There are many different types of mortgages available.

From time to time Skipton will offer all or some of the mortgage types described in this leaflet. All of our mortgages come with a number of additional benefits, which are highlighted in the section 'Other Skipton benefits explained' on page 20. Our mortgage team will be happy to help if there's any further information you need. You can contact them on 0345 850 1755.

In general, there are the following types of mortgages:

- discounted
- cashback
- fixed
- tracker.

The next section describes how these different mortgages work. Please make sure you read page 9, which details what rate your mortgage would change to at the end of the product deal.

Fixed rate mortgages

With a fixed rate mortgage, the monthly interest rate will stay the same for a set period of time, typically two, five or ten years. At the end of the fixed rate period, your rate will usually change to a variable rate.

Your payment will be the same every month for the duration of the fixed rate term, even if other interest rates rise during this period. This can help you to budget for the whole period, because you'll know how much money to put aside to cover your mortgage payments each month.

If interest rates fall during the fixed period, the amount you pay during the fixed rate period will not change, so you may end up paying a higher rate of interest than if you were on a variable rate mortgage.

Discounted rate mortgages

Your payments are based on a discounted rate, which is set at a certain level below a lender's variable rate for a specific period of time. As the lender's rate is variable, this means that your rate and payments could go up and down during the discounted period. For example, a 1% discount for 12 months off a lender's variable rate of 5% would mean you pay a rate of 4% variable for 12 months.

Sometimes these discounts are stepped over a period of time, for example, a discount of 2% in year one followed by a discount of 1% in year two. At the end of the discount period, your rate will usually be changed to a lender's variable rate.

This type of mortgage provides you with lower payments in the early years, which can help with the cost of moving or setting up in your new home.

Cashback

From time to time, Skipton may offer products that include an element of cashback.

If your product has cashback, it will be paid following completion of your mortgage, into the same account from which the Direct Debits for your mortgage payments will be taken.

Tracker mortgages

With a tracker mortgage, your interest rate is directly linked to an independent rate, such as the Bank of England Base Rate (BoEBR) for a set period of time. For example, your rate may be 1.5% above the BoEBR for a period of three years.

Your rate will reflect the independent rate being tracked. This means when the independent rate increases, so will your rate. But if the independent rate falls, you will benefit from the reduction in full during the tracker period. There may be a short delay between the change to the independent rate and that of the mortgage. The timing will normally be set out in the terms and conditions of the mortgage. These changes also affect monthly payments. Some products have floors, below which the interest rate cannot fall.

Further details

For further details of our current products, visit skipton.co.uk. Before you apply for your mortgage we will provide you with a personalised Mortgage Illustration (MIL), with full product terms and conditions, including details of your mortgage payments for the loan requested.

What mortgage is right for you?

When reviewing different types of mortgages, we believe it is important that you consider the whole deal. You need to pay particular attention to what you will be paying during, and at the end of, the initial product period, because your payments may increase.

For example, if interest rates have risen sharply during your initial product period and remain high, your mortgage payments could be significantly higher when your initial product period ends – making it more difficult for you to afford the monthly payments. Our mortgage advisers will talk you through this and will look at affordability after the product deal ends too.

Interest rates when Skipton product deals end

The three main variable rates our product deals move on to are: our Standard Variable Rate (SVR), our Base Rate Tracker (BRT) or our Mortgage Variable Rate (MVR). These rates may change by different amounts at different times. The rate you move on to depends on when you applied for your product deal and will be shown on your mortgage offer. Details of the three rates, including the ceiling on the SVR (SVR Ceiling), appear in the table below. The rates shown in this table were correct as at June 2023.

Separate SVRs and MVRs exist for both Residential and Buy to Let mortgages, and may change by different amounts at different times.

	SVR (Residential or Buy to Let)	BRT (Residential or Buy to Let)	MVR (Residential)	MVR (Buy to Let)
Current rate:	6.25% (variable) Set by Skipton Building Society from time to time.	9.95% (variable) Tracks Bank of England Base Rate + 4.45%.	6.54% (variable).	6.54% (variable).
Relates only to product deals applied for:	Before 30 December 2009.	On or after 30 December 2009, but before 14 November 2012.	On or after 14 November 2012.	
Ceiling:	Guaranteed not to be more than 3% above BoEBR unless exceptional circumstances apply (SVR Ceiling). The SVR ceiling currently applies.	The SVR Ceiling does not apply to BRT product	The SVR Ceiling does not apply to MVR products	

Notes

1) Rates quoted may be subject to any product ceilings or floors in place – any such ceilings or floors will be detailed in your mortgage offer.

(2) Exceptional circumstances apply when either the base rate is less than, or equal to, 2.7%, or the base rate minus the UK average instant access savings rate (as published by the Bank of England) is less, or equal to, 2.25% for each of the three preceding months. As neither of these tests are satisfied, the circumstances are no longer exceptional.

Product deals on Additional Borrowing, porting and switching applied for on, or after, 14 November 2012

Additional Borrowing – where you borrow more money on top of your existing mortgage.

Additional Borrowing applied for on or after 14 November 2012, moves on to MVR at the end of any product deal period, even if your existing product(s) are on, or will move on to, SVR or BRT. Your Additional Borrowing will not benefit from the SVR Ceiling.

Porting – where you transfer your existing mortgage product(s) to a new property.

If your existing product is on, or will move on to SVR or BRT, any ability to port that mortgage enables you to port the same rate to your new property, even after 14 November 2012 (subject to underwriting criteria including affordability, at the time of porting the product/rate, the property itself and the purpose of the loan). If, on or after 14 November 2012, you apply to port and take out Additional Borrowing above the balance of your existing mortgage, that Additional Borrowing will move on to MVR at the end of any product deal period. This Additional Borrowing will not benefit from the SVR Ceiling.

Rate switch – where you move from your existing product to a new product without moving home.

Since 14 November 2012, you can only switch to a product which moves onto MVR at the end of any product deal period. If your existing product is on, or will move on to, SVR or BRT and you switch, you will not be able to switch back later to SVR or BRT. The new product will not benefit from the SVR Ceiling.

If you have any questions about this and how it relates to your mortgage, please contact us on 0345 850 1755.

Valuing the property

Before making a formal mortgage offer, we make an assessment of the value of the property, and may need to obtain a valuation for mortgage purposes to check that the property is worth the agreed price and is suitable to lend against.

Where a physical valuation is required for mortgage purposes, the cost will depend on the value of the property. We may ask you to pay towards this standard mortgage valuation.

In some instances we may use Automated Valuation Models (AVMs) to assess the value of the property or a Desktop valuation, where a surveyor does an online assessment but doesn't need to physically view the property.

In these instances we won't charge you a fee.

There are three levels of physical survey:

Standard mortgage valuation – this is carried out on behalf of the mortgage lender and is only designed for our mortgage purposes. It is not a survey and it doesn't guarantee that the property is free from defects. Skipton instructs only standard mortgage valuations, but there is no charge to customers for a valuation for mortgage purposes where the property is worth less than £1.5 million.

Homebuyer report – this is intended to provide an overview on the general condition of the property. Generally, a surface examination of the parts of the property that are visible and readily accessible is carried out, and services are inspected but not tested. This report is instructed by you and is your report.

Building survey – this is also known as a full structural survey and will give you a review of the property's structure and pinpoint any defects. Building surveys tend to be carried out on older properties, listed buildings or buildings that have unusual constructions. Occasionally, if the mortgage valuation flags a potential structural problem, the lender may require additional reports to confirm, for instance, structural soundness and these should be arranged directly with a valuation firm.

If any of these surveys reveal problems, you may want to get a builder or other expert to assess what the repairs would cost, and use this as a basis for negotiating a lower price with the seller.

If you are in any doubt about the suitability of the property, it would be worthwhile opting for a more detailed report. The additional costs are payable to the valuer and you should arrange this directly with the valuer.

Scottish Surveys

Scotland sellers are required to obtain a Home Report. Lenders will accept a Transcription of the Home Report in most circumstances.

Where these aren't acceptable a new Home Report will be instructed.

Energy Performance Certificates (EPCs)

An EPC, which reports on the energy efficiency of a property, is provided by the seller or their agent. The seller or their agent must have requested an EPC before marketing the property and an EPC must be provided by the exchange of contracts at the latest. The seller will still be required to pay for the EPC and every effort should be made to receive it within 28 days. There will be fixed penalties for those failing to comply with their duties. It will not form part of any valuation report.

Repayment methods

You will need to have paid off your mortgage by the end of the term. It is important for you to understand that your mortgage is made up of two main components:

- The capital sum (the amount you borrow to buy your home)
- The amount of interest due on the capital sum over the term of the mortgage, for example, 25 years.

Repayment (capital and interest)

Your monthly payments cover both the repayment of the capital sum borrowed and the interest due on your loan. This way, you gradually pay off the full amount of your mortgage over the term. In the early years, your payments will be geared more to paying off the interest, while in later years, most of your payments will be repaying the capital sum.

As long as you make all the monthly payments in full and on time, and pay any fees, you can be certain that the whole loan will be repaid by the end of the term.

Interest-only

With an interest-only loan, your monthly payments cover only the interest due on your loan. As you will only pay the interest, your monthly payments will be lower compared to the repayment method (capital and interest), but you will also need to take into account the cost of repaying the capital sum at the end of the mortgage term.

By taking the interest-only option, your mortgage balance will not decrease, so there will be more interest overall to be paid, compared to the repayment method.

Interest-only repayment strategy

We will only enter into a mortgage contract where all or part of the contract is on an interest-only basis if:

- you can provide evidence that a clearly understood and credible repayment strategy is in place, and it meets with our criteria.
- as far as it is reasonably able to assess at the time of underwriting, your repayment strategy has the potential to repay the capital borrowed.

We will not lend to first time buyers on an interest-only basis and have restrictions on the level of loan-to-value which can be taken on interest-only, along with different minimum income requirements.

We accept two types of repayment strategies:

An endowment policy provided by a regulated firm

The latest annual statement must be provided as evidence that the sum due to be paid on maturity, based on the 'medium' projection, is equal to, or in excess of, the proposed amount of mortgage borrowing. The policy is not held with Skipton.

Defined types of assets

Evidence must confirm that the value of your assets at the time of underwriting is equal to, or in excess of, the proposed amount of mortgage borrowing.

Acceptable assets are:

- Equity in a UK property. Where the main residence is being used as the repayment vehicle, the maximum loan-to-value for the interest-only element is 50%, and a minimum of £300,000 of equity must be remaining in the property. Where the overall loan is above 50% loan-to-value additional repayment vehicles can be used in conjunction with the sale of the mortgaged property*.
- Pension. Up to a maximum of 15% of the member's total projected pension pot is permitted, where the minimum projected value of the pension pot is £400,000**.
- UK shares and bonds held as investments (includes sharesave schemes and premium bonds).
- Cash savings in a UK deposit account***.

* Buy to Lets owned in the applicant's name are acceptable. Buy to Lets owned in a company name are not acceptable. Equity in commercial property is not acceptable.

** Pension cannot be used as an acceptable repayment strategy, if used as part of Skipton's affordability calculation or as part of Skipton's lending into retirement policy.

*** Savings must be personal and not business related.

You must be aware that the value of investment can go down as well as up and cannot be guaranteed on maturity. It is your responsibility to make sure you have enough money to repay the loan at the end of its term.

You should regularly review your repayment strategy to ensure it is on track to repay your mortgage.

Policy information correct at 11/12/2020.

Length of mortgage term

Traditionally a mortgage might be expected to last 25 years but, dependent on your personal circumstances, it could be more appropriate for you to take a shorter term – or even a longer one. For example, a shorter mortgage term of say 15 or 20 years may be worth considering, if you can afford it. A longer term would enable you to reduce your monthly payments. Your payments will be higher if your term is shorter, but this may substantially reduce the amount of interest you pay on the loan.

You also need to consider the length of the term in relation to your retirement, when your income is likely to reduce. This may impact on the term of the mortgage that would be available. For home purchases and remortgages, we will make recommendations on this. For Buy to Let, we will discuss the options available to you.

Part 2 – More about Skipton products and services

This section provides you with further details about the products and services we offer, as well as highlighting some of the other costs that you need to consider, which may be forgotten in the excitement of buying a property.

You will find tools to compare your current income and future expenditure, which will in turn help both you and your mortgage adviser determine the mortgage payments that you can realistically afford.

In addition, we outline a number of other benefits that our mortgages incorporate, such as flexibility. We explain the different options open to you for protecting your home, and guide you through some of the confusing mortgage jargon that you may come across.

How much could you borrow?

If you are buying a property you will usually need a deposit of a minimum of 5% to 15% of the property value, although this may be different for some lenders from time-to-time. The amount you could borrow from Skipton Building Society will be assessed by a member of Skipton Direct, our telephone-based team.

Bear in mind, you will also need to budget for a number of one-off costs at the time of your purchase. These costs could include:

- valuation fee(s)
- local authority search fee
- solicitor's or licensed conveyancer's legal costs
- Stamp Duty Land Tax (Land and Buildings Transaction Tax in Scotland or Land Transaction Tax in Wales)
- estate agent costs.

Key household items such as:

- appliances
- furniture
- carpets/curtains
- decorating materials.

If you are looking to remortgage, costs that may be payable could include early repayment charges and mortgage exit administration fees associated with your current mortgage.

You should also think about the impact any lifestyle changes or increases in the cost of living will have.

What you can afford now and in the future

The amount we actually lend is based on an overall assessment of affordability, which takes into account your income, your expenditure and how you could manage future interest rate rises.

NB: Please be aware that our lending policy may vary from time-to-time and our mortgage products can be withdrawn at short notice. Any mortgage offer we make will normally be valid for six months and not always transferable to different properties, should your intended purchase not proceed. Some limited edition products may be subject to different terms.

We also have criteria for the type of properties we lend on. You should discuss our criteria with your mortgage adviser.

Foreign currency loans

A foreign currency loan is a loan for residents outside the UK or UK residents who intend to repay their mortgage using assets or income which are in a currency other than sterling. Like a number of other lenders, we do not offer any form of new or additional lending (including porting of products to a new property or changes of ownership to your property), which are foreign currency loans. The foreign currency rules do not affect you if there is any future product switch or other contract variation such as changes to the term of your mortgage or your method of repayment.

Understanding your mortgage costs

Below are some of the costs associated with a mortgage application that you need to be aware of. Full details of individual mortgage related charges that apply to your loan will be included in your MIL. Our 'Tariff of Mortgage Charges' leaflet shows other charges that may apply. The leaflet is available on request and will be included with any mortgage offer made. It is also available at skipton.co.uk.

Application fee

This is an arrangement charge payable upon application. This fee is non-refundable and may vary between products.

Completion fee

This covers our work in setting up the mortgage when the money to buy your new home is released to the seller, or when your remortgage completes. Your mortgage adviser will discuss with you whether you wish to add this fee to your loan on completion. To avoid incurring interest, you can elect to pay it up front.

This fee is product specific and may vary between different mortgage deals.

Valuation fee

A report will be required to establish the value of the property for mortgage purposes. You may be required to pay for this. We will require this report before making a formal mortgage offer. This report is for the lender's purposes only. For purchases, we will provide you with a copy of the report.

If you're purchasing a property, a standard mortgage valuation alone may not be suitable for your needs. A homebuyer report or building survey may be required. Full details of the different surveys are available on page 11.

Fund transfer fee

We send the mortgage monies to your conveyancer by electronic transfer and there is a charge of £6, which you can debit to the account on completion or, to avoid incurring interest, you can pay up front.

Higher Lending Charge (HLC)

If you are borrowing a high percentage of the valuation or purchase price of the property, many lenders charge you a HLC, Skipton do not administer this charge. This is to provide your lender with possession and sold for less than you owe.

This charge is normally made on borrowing that exceeds 75% of the valuation or purchase price, although some lenders will pay this on a customer's behalf.

The HLC is designed to protect the lender, but it does not protect you individually. You will remain liable to pay all the money owing, including arrears, interest and our legal fees. If a claim is paid to your lender under third party insurance, paid for out of the HLC, the insurers will normally have the right to recover the amount from you.

Deposit

You will need to find the difference between the amount you are borrowing and the price of the property. This is likely to be the biggest expense for first time buyers. Buyers already on the property ladder who have a house to sell at the same time, can often use some of the equity built-up in the house being sold.

Conveyancing costs

You will need to employ a conveyancer (solicitor or licensed conveyancer) to handle the legal aspects of buying your home if this is with the aid of a mortgage, or to remortgage. The conveyancer usually acts for you and the lender.

The costs your conveyancer deals with on a purchase, which you will be required to pay, include:

- Stamp Duty Land Tax – a tiered government tax on the price you pay for your home (Land and Buildings Transaction Tax in Scotland or Land Transaction Tax in Wales).
- Search costs – the cost for carrying out searches on your behalf, such as with the Local Authority and Land Registry.

Your solicitor or licensed conveyancer will also charge you for the work they carry out such as:

- dealing with enquiries
- drafting contract for sale/reviewing contract on purchase
- arranging completion/preparing the document which transfers legal ownership.

These costs will not be included in your MIL.

When remortgaging, many lenders will cover the costs of standard conveyancing. Please see page 20 for details of the Skipton Remortgage Conveyancing Service.

Other Skipton benefits explained

Daily interest

We calculate your mortgage interest on a daily basis. This means every time you make a payment, the amount on which we calculate interest is reduced. If you make overpayments this could save you hundreds, even thousands of pounds over the life of your mortgage.

Overpayments

Our standard mortgage products offer an overpayment allowance. You can find details of yours in your mortgage offer. We apply any overpayments to your mortgage, which lower the balance and the interest payable.

You can make overpayments on a one-off or ongoing basis. We call a one-off overpayment a “lump sum payment”, and overpayments made on an ongoing basis by direct debit with your monthly mortgage payments are “regular voluntary overpayments”. If you make overpayments regularly but they’re not made by direct debit with your monthly mortgage payment, these would be treated as lump sum payments. Please be aware, both types count towards your overpayment allowance but affect your account in different ways.

Please note, if you exceed your overpayment allowance, we apply an early redemption charge.

Lump Sum Payments

Lump sum payments are made on an ad-hoc basis directly to your mortgage account via a bank transfer, debit card payment or cheque. Depending on the size of the payment, this might prompt a recalculation of your contractual monthly payment. You can find details of the different levels below.

If the level at which we automatically recalculate your payment changes, we’ll make sure we let you know in the Tariff of Mortgage Charges. We send this with your Annual Mortgage Statement.

If you make a payment that is 6x your monthly payment amount or £2000 and above (Whichever is lower):

We'll recalculate your contractual monthly payment to reflect the lower balance and remaining term. If you'd like to keep your mortgage payment the same, this will affect your overpayment allowance so please get in touch to discuss your options.

If you make a payment that is less than 6x your monthly payment or less than £2000:

We won't recalculate your monthly payment unless you specifically ask us to do so but your mortgage balance and the interest we charge you will reflect the payment you've made. Please note, these lump sum payments build as mortgage account credit.

Regular Voluntary Overpayments

Regular voluntary overpayments are set up for us to collect alongside your monthly Direct Debit. Please note, these overpayments build as mortgage account credit.

With both kinds of overpayments, there are some situations (such as an interest rate change) that prompt an automatic recalculation. If this happens, we'll include any credit in the recalculation to ensure your new contractual monthly payment reflects your remaining balance and term. We'd contact you to let you know if this happens.

Payment holidays

Your Skipton mortgage allows you to take a payment holiday with our prior agreement.

You may take up to three consecutive months' payment holiday as long as:

- You've had your mortgage with us for at least six months
- You've built sufficient credit on your account (to find out if you've got enough credit, please get in touch)
- The proposed holiday wouldn't take the loan-to-value above 95%

You can't take more than six months payment holiday in any 12-month period. During the holiday, we'll continue to add interest to your account at the rate that is appliable at the time and your balance will increase as a result.

Cashback

From time-to-time, Skipton may offer products that include an element of cashback. If your product has cashback, it will be paid into the bank or building society account from which your monthly Direct Debit mortgage payment is collected following completion of your mortgage.

Skipton Remortgage Conveyancing Service

Seeking legal help when you are remortgaging is essential. At Skipton, we offer our Skipton Remortgage Conveyancing Service for some of our products if you're remortgaging. Here's how the service could help you:

- we instruct the conveyancer to act on our behalf, but it's free to you. The instructed conveyancer acts on the Society's behalf for the standard legal work, although you will be contacted by our conveyancer during the remortgage process by post, phone or email and invited to log on to the conveyancing portal to submit the required information to the conveyancer and track the progression of the remortgage.
- if you're moving mortgages but not moving home and your product offers free standard legal fees, we'll pay the standard legal costs so it'll be free to you.

Please be aware that legal work relating to certain matters not usually involved in a standard remortgage is not included in this offer, for example, transfers of equity, Additional Borrowing applications or deeds of postponement. The conveyancers will offer fixed prices for certain 'elevated services'– please ask your mortgage adviser for further details.

Your title documents

With the exception of Scotland and Northern Ireland, Skipton does not hold packets of title documents. We will ask your conveyancer to return any deeds and documents to you after your mortgage completes.

Protecting your home

You must have a buildings insurance policy in place to cover your property in order to take a mortgage with Skipton. While you need to have valid buildings insurance in place, this need not be through Skipton.

Skipton's buildings insurance will cover you for loss or damage to the structure of your home (including its garages and outbuildings) against insured events. Subject to terms and conditions.

Skipton Home Insurance is underwritten by Fairmead Insurance Limited (renamed from Legal & General Insurance Limited), part of the Liverpool Victoria General Insurance Group.

Skipton Building Society Home Insurance Protect and Protect Plus are underwritten by Fairmead Insurance Limited (renamed from Legal & General Insurance Limited), part of the Liverpool Victoria General Insurance Group. Fairmead Insurance Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 202050. Registered in England and Wales Number 00423930. Registered office: 57 Ladymead, Guildford, Surrey, GU1 1DB.

Other information to consider

Early Repayment Charges – what they are and how they work

An Early Repayment Charge (ERC) may be due if you pay back all or part of your loan, over and above your contracted monthly payments within the product deal's period, or if you choose to switch products before the product deal ends.

Most of our residential mortgages allow you to repay up to 10% of the original loan each year, without charge, even those where an ERC is normally payable. This allowance does not apply when you pay the remortgage in full.

Any charge that is made is calculated as a percentage of the amount repaid.

Please refer to your 'Mortgage Illustration (MIL)' and 'Mortgage Offer' document for full details of any ERCs which may apply.

If you move house

Skipton mortgage products may be 'portable'. This means you can transfer your product to the mortgage on your new home. You will not be charged an ERC for that product, as long as you complete your new mortgage and repay your old one at the same time. Alternatively, you have up to six months to have the ERC refunded. If the balance of the loan is reduced when you move, you might have to pay an ERC on the reduction. Of course, both you and your new property must fulfil Skipton's lending criteria at the time of your move in order for a new mortgage to be approved.

Subject to lending criteria, you can also 'top up' the amount of your loan on another product. See Additional Borrowing on page 24 for more detail.

APRCs

APRC stands for Annual Percentage Rate of Charge, which is the overall cost of your mortgage expressed in a standardised way. This helps you compare the cost of different loans over the whole term. It may seem obvious, but a loan with a lower APRC is cheaper overall than a loan with a higher APRC.

An APRC for each product is shown on skipton.co.uk to help explain the total cost for comparison purposes. However, your MIL will include the APRC specific to your own loan requirements, which may differ slightly from the APRC shown on skipton.co.uk.

The APRC in the MIL takes into account, amongst other things:

- the amount borrowed and the term of the loan
- the interest rate you pay (including the rate you pay after any initial product period)
- charges that you have to pay, such as application/completion fees, valuation fees and mortgage exit fees

- when and how often you have to pay the interest and charges
- any higher lending charge.

It is important to be aware that APRCs are only a snapshot of the total cost of a loan at a particular time. All the known information is included in the calculation, such as the current levels of interest rates and charges. Any planned changes such as the ending of incentive periods are then worked out over the term.

What APRCs cannot predict are changes in the variable rate throughout the term and the effect of any other changes that might occur, such as overpayments.

Whilst using APRCs to compare the cost of different loans, don't forget to consider how much you will have to pay each month and whether you can afford that amount.

Additional Borrowing - for existing mortgage customers

Many people have a wish list of things they'd like, such as an extension to their property, a new kitchen or a new car. Others have more of a 'to think about' list for things like university fees or even a place in the sun. Skipton's Additional Borrowing could be the key to making these things happen.

If you decide to apply for Additional Borrowing, you need the following information available:

- Details of your gross and net income
- Details of your household monthly expenditure
- Details of any household insurance, life insurance and family protection insurance
- Details of any other mortgages
- Details of personal debt such as loans, credit cards, etc.

Once you have had a mortgage advice appointment, if you meet our lending criteria and you decide to go ahead with applying for Additional Borrowing, your mortgage adviser will explain what you will need to provide.

Please remember, any money we lend through Additional Borrowing will be secured against your property and your overall mortgage balance and payments will increase.

It's worth considering whether other forms of borrowing may be more suitable for your circumstances.

The Skipton mortgage interview process

The Skipton mortgage interview process will go through all the initial details that support your mortgage application to provide an indication of the decision. The process can involve:

- calling a member of our telephone team, Skipton Direct, or going online to skipton.co.uk where you will also be able to obtain an initial affordability check and Decision in Principle (DIP).
- if your DIP is approved, we will arrange an appointment with a Skipton Direct mortgage adviser who will work with you to establish which mortgage from our range best suits your needs and make a recommendation.
- you will be asked a number of questions about your personal circumstances (this information will be recorded in a 'Customer Needs Questionnaire' – CNQ) and forms part of your application.
- a Mortgage Illustration (MIL) for the recommended product will be prepared for you to consider.
- if you're happy with the information provided in your MIL you can return your application to be progressed and you'll need to pay any required fees.

Your Skipton Direct mortgage adviser will tell you what documentation will be required to support your application. These may include:

- fully completed and signed CNQ, which then becomes your application form
- latest full month's bank statement showing credits from your employer and one month's debits to current lender (if applicable)
- latest one month's pay slip
- latest P60 (if using additional income)
- latest two years' finalised accounts/SA302 or accountant's certificate (self-employed only)
- application/valuation fee (as applicable) and any other fees if you have chosen not to add them to your loan
- address/identity documents (see overleaf).

Proving your identity

There is a regulatory requirement for the society to verify all customer's identity. This may be done electronically and in some circumstances, we will require additional identity documentation. See skipton.co.uk/identity for more information.

What to do if in payment difficulties

If you can see a situation arising where you are unlikely to be able to make your monthly mortgage repayments, are unable to make the payments on the agreed monthly date or unable to make any payments, then it is most important that you talk to us as soon as possible.

Call the Credit Management team on 0345 850 1766.

We will then work with you to see what can be done for the best – the earlier you get in touch the better.

To obtain a free information leaflet on Skipton's policy on treating customers in arrears fairly, please contact the Credit Management team on 0345 850 1766 or go online at skipton.co.uk/mortgages/mortgage-hub/payment-difficulties.

Complaints procedure

We do our best to give you a very high standard or service but if we don't meet your expectations you can make a complaint. We make every effort to settle complaints quickly and fairly. We follow an internal complaints procedure to resolve any complaints. This has been designed to meet the requirements of the Financial Conduct Authority and the Financial Ombudsman Service (FOS):

- We'll try and resolve your complaint within three working days of receiving it.
- If we're able to resolve it in this time, we'll send you a written summary of the resolution. This will confirm your complaint has been resolved.
- The summary will also remind you of your right to take your complaint to the FOS if you subsequently feel dissatisfied with the outcome.

Sometimes we need more time to look into your complaint:

- If we can't resolve it within three working days, we'll send you a written acknowledgement letter. This will be no later than five working days after receiving notification of your complaint.
- A Customer Relations Consultant will get in touch with you so we can investigate your complaint fully. We'll try and resolve your complaint within four weeks. If it's going to take longer, we'll let you know.
- We'll send a final response letter within eight weeks of the initial receipt of your complaint. We'll also remind you that you have a right to take your complaint to the FOS if you're not satisfied with the outcome.
- In the unlikely event that we can't give you a response within the eight week period, you can refer your complaint to the FOS.

How the Financial Ombudsman Service (FOS) can help

The FOS is a free and independent service for consumers. You should refer the matter as soon as possible after our final response, but within six months of the date of our final response. Please note, there are certain types of complaint the

FOS can't investigate or rule upon. You might want to contact the FOS to discuss your complaint with them before taking it any further.

Whilst you can refer your complaint to the FOS at any time, they'll need our consent to investigate complaints where:

- we haven't had the chance to put things right
- we haven't exceeded the eight week timescale and haven't yet issued our final response letter.

Contact details of the FOS are:

The Financial Ombudsman Service
Exchange Tower
London
0800 023 4567
financialombudsman.org.uk

Jargon buster

Additional Borrowing

Additional Borrowing is borrowing more money from your current lender. This is secured on your property. Skipton does consider Additional Borrowing but only where we hold a first legal mortgage.

Annual Percentage Rate of Charge (APRC)

An indicative guide to help you compare the cost of different mortgage deals, taking account of interest rates payable (both during the initial product period and after) and fees.

Bank of England base rate (BoEBR)

This is the rate which is set on a regular basis by the Monetary Policy Committee (MPC) of the Bank of England and is the rate that it charges for its borrowing.

Completion

The point at which the money is released to remortgage your home or to buy your new home. Your conveyancer will ensure that ownership is transferred to you, enabling you to move. This is known as 'settlement' in Scotland.

Conclusion of missives

The point at which both buyer and seller are legally bound to the purchase (Scotland only).

Consumer Buy to Let (CBTL)

This is a type of mortgage introduced specifically for consumers wanting to rent out a property they or a family member has previously lived in, rather than a professional landlord renting out the property for business reasons.

Conveyance

The legal document which transfers ownership of unregistered freehold land, in England and Wales.

Disbursements

The fees your solicitor has to pay to others on your behalf, for example, Stamp Duty Land Tax, Land Registry fees, and search fees.

Electronic transfer

This is the method by which your mortgage advance is paid to your conveyancer.

Equity

The positive difference between the value of your property and the amount of any outstanding loans secured against it i.e. the amount you own outright.

First legal mortgage (also known as a first charge mortgage)

This loan takes priority over any other borrowing secured on your property. If you sell your property, the first legal mortgage will be paid off first.

Foreign currency lending

Lending where, at the start of a new contract, the customer isn’t a UK resident or relies on income or assets that aren’t in pounds sterling to repay the mortgage. We don’t offer foreign currency lending.

Interest-only (interest-only mortgage)

The monthly payments over the term of the mortgage cover only the interest charged on the amount borrowed. This means the original amount borrowed together with any fees or charges debited to your account will be owed in full at the end of the term.

Lease

A document that grants the holder possession of a property for a fixed period of time. It sets out the obligations of both the landlord and leaseholder, such as payment for rent, repairs and insurance.

Loan (sometimes called the advance)

The amount of money we agree to lend you.

Loan-to-value (LTV)

A percentage that shows how much of a property's value you're borrowing. If, for example, you're buying a property worth £100,000 and need to borrow £85,000, the LTV is 85%. So you'd need a mortgage product that offered an LTV of at least 85%.

Missives

The formal written offer to buy the property and the written acceptance (Scotland only).

Mortgage Illustration (MIL)

This document, or ones similar to it, must be provided to you by law. It shows all the key information you need when choosing a mortgage and enables you to compare mortgages from different lenders.

Part and part

This is a combination of both repayment and interest-only mortgage. For example, a loan of £50,000 could be made up of £30,000 repayment and £20,000 interest only, so there would be a remaining capital balance of £20,000 to repay at the end of your mortgage term.

Porting

The process of transferring your existing Skipton mortgage product to a new property. All of the terms and conditions of your mortgage product remain the same, but the mortgage is moved on to the new property that you are purchasing.

When you port your mortgage you may require Additional Borrowing and for this you may require an additional mortgage product.

Redemption Administration Fee (sometimes called a Mortgage Exit Fee)

A fee charged by the lender for releasing the legal charge over your property following repayment of a mortgage.

Reflection period

A formal period of time that allows you to consider a mortgage offer. It doesn't affect how long your offer is valid for.

Remortgage

The process of moving your existing mortgage to a new lender without moving home.

Repayment (repayment mortgage)

Your payments cover the original amount borrowed plus any interest, together with any fees or charges debited to your account.

Repayment strategy

This is the means by which you choose to pay off the capital on an interest-only mortgage when the mortgage term comes to an end. You need to check with us to make sure that your chosen repayment strategy is acceptable to us.

Searches

For example, enquiries made at the Land Registry, the Land Charges Register and local authorities to check whether there is anything to cause concern about the property.

Second (or Subsequent) Charge Lending

This is where a lender offers a loan secured on a property which, if your property is sold, will be paid off after the first legal mortgage.

Subject to contract

A provisional agreement made between buyer and seller, before exchange of contracts, which allows either side to back out without penalty (England and Wales only).

Term

The length of time over which your mortgage loan is to be repaid.

Title

The legal right to ownership of a property.

Title deeds

The documents showing the ownership of property.

Transfer deed

The legal document which transfers ownership of registered land.

Transfer of equity

The adding or removal of a person to/from an existing mortgage account and ownership of the property.

Vendor/seller

The person(s) selling the property.

Visit us in **branch**

Call us on **0345 850 1755**

Go to **skipton.co.uk**

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE. IF YOU HAVE A BUY TO LET MORTGAGE AND YOU FAIL TO KEEP UP WITH PAYMENTS ON YOUR MORTGAGE, A 'RECEIVER OF RENT' MAY BE APPOINTED AND/OR YOUR RENTAL PROPERTY MAY BE REPOSSESSED.

Call charges will vary. To help maintain service and quality, some telephone calls may be recorded and monitored.