

## **Savvy Parents Risk Missing Huge Mortgage Savings Due to an Unnecessarily Complex Marketplace, New Research Shows**

- New research by Habito and Mumsnet reveals that half of the parents surveyed have not changed their mortgage in the last three years, with Mumsnetters saying they are more likely to switch their car insurance, energy or mobile phone provider, despite the potential to save hundreds of pounds a month on their mortgage.
- Results reveal a host of ways parents cut back to save money over switching their mortgage provider, from buying second hand clothes and toys, to putting their spare change in a moneybox.
- Just 1 in 4 would consider changing for a reduction of up to 1% and 1 in 10 said that no interest rate reduction would persuade them to switch
- Habito believes the complex, opaque and inflexible mortgage industry is driving consumer inertia. Nearly 1 in 4 said they would have to look up the meaning of Annual Percentage Rate (APR), and 1 in 3 would need to do the same for Standard Variable Rate (SVR).
- More than half have spent hours on the phone trying to manage their finances, and a similar proportion have been forced to take their child to a meeting about their finances as they had no other option.

Britain's parents are savvy when it come to saving money, 4 in 5 bring a packed lunch to work (84%) and almost 70% said they have bought second-hand toys or clothes for their children. Yet they remain more likely to put their spare change in a box (47%) than switch their mortgage provider (33%), despite the comparatively much larger savings on offer by doing so.

New research from Mumsnet and Habito, the digital mortgage broker, reveals the extent to which the mortgage market fails to accommodate busy parents, making them less likely to know when they could be saving money by moving to a more suitable mortgage deal.

Mortgage stagnation is costing many British homeowners hundreds, if not thousands, of pounds. HSBC recently found that homeowners on a Standard Variable Rate mortgage could find themselves overpaying in excess of £4,000 a year, compared to if they were on a fixed rate deal<sup>[1]</sup>. For a consumer on a £200,000 mortgage for 25 years, cutting the interest rate by just 0.5% could see them save over £650 a year.

However, half of those surveyed who had a mortgage have not changed their mortgage product in the last three years, and just over 1 in 5 would consider switching for an interest rate reduction of up to 1%. Less than half (45%) wouldn't change even for savings of up to 3% and just over 1 in 10 (12%) say no reduction at all could persuade them.

By contrast, a massive 82% say that they have deliberately changed their energy, mobile or broadband provider to save money when these savings could pale in comparison to getting on the right mortgage.

The perceived complexity of the market may be one cause of consumer inertia. Almost half (44%) of respondents said they would need to research the meaning of the term loan-to-value, a third (31%) would need to do the same for standard variable rate, and around a quarter say they would have to look up base rate (25%) and annual percentage rate (22%).

The type of innovation that other areas of financial services has seen has been noticeably absent from the mortgage market, meaning 'switching' remains out of reach for busy parents, three quarters of whom (75%) say that trying to arrange meetings of calls to organize personal finances is incredibly difficult when you have children.

More than half (53%) has spent hours on hold when trying to manage their finances by phone, and a similar proportion (49%) has had to take a child with them to a meeting about their finances, as they had no other option.

Consequently, 83% say that being able to manage their mortgage online would make them far more likely to look for a better deal, and switch if they could save money.

If they were to save money on their mortgage, most Mumsnetters would spend it on home improvements (33%). A further quarter (23%) would save it, 14% would put it towards family trips out, and 11% would look to invest the savings.

**Daniel Hegarty, CEO and founder of Habito, said:** *"Most families are constantly assessing their financial priorities and this often means pressure to save money on discretionary items. As our research shows the ingenuity of parents in saving money is incredible.*

*"However all too frequently, they are being deterred from making one of the biggest household savings possible by an industry that has failed to embrace change and that remains unnecessarily complex, inflexible and opaque.*

*"It doesn't have to be this way. It's time to level the playing field for consumers and bring mortgages into the 21<sup>st</sup> century. Only then can we make frequently switching your mortgage onto a better deal the norm, just as we have for other industries from energy to telecoms.*

*"Habito is helping to make mortgages fairer and more transparent for all and in doing so we want to help put billions of pounds back into homeowners pockets."*

**- ENDS -**

**Editors Notes:**

The survey results are based on responses from 1,077 Mumsnet users who completed an online survey via the MN Insight Panel between 23 May – 08 June 2017. An incentive of a £150 M&S voucher was offered.

Based on calculations by Portland and Habito, a reduction in the interest paid on a £200,000 mortgage for 25 years, by 0.5%, from 4% to 3.5% for example, can lead to consumers paying on average £54.42 less a month. Over the course of the year, if you multiply this by 12, this could save them £653.04 annually.

**About Habito:**

[Habito](#) is the UK's digital mortgage broker, using technology to bring the mortgage application process into the 21st century. Simple, fast & honest, homeowners can be sure they're getting the best mortgage on the market for the first time. No jargon, no fees and no misinformation.

Habito is backed by Ribbit Capital and Mosaic Ventures, with angel investors including Transferwise CEO Taavet Hinrikus, Funding Circle's founder Samir Desai and Yuri Milner.

For more information visit: [www.Habito.com](http://www.Habito.com)

Twitter: <https://twitter.com/Habito>

**About Mumsnet:**

Mumsnet is the UK's largest network for parents, with over 11 million unique visitors per month clocking up over 112 million page views. It has 170 local sites and a network of 10,000 bloggers and vloggers. It regularly campaigns on issues including support for families of children with special educational needs, improvements in miscarriage care and freedom of speech on the internet.