

Published based on [Fixed Rate Mortgages: Should I Get One?](#)

Fixed Rate Mortgages: Should I Get One?

Choosing a fixed rate mortgage will mean that regardless of what the Bank of England does with the base rate your mortgage payments will stay the same for the period of the fix. Therefore, the same interest rate is charged every month so your budgeting becomes more straightforward. This can be particularly helpful if things are tight financially.

The time frame for [fixed rate mortgages](#) can, in theory, be any length but the ones you will see most frequently are two, three or five-year terms. They can be a lot longer though. Your rate then reverts to the lender's standard variable rate (SVR) at the end of the fixed period. It used to be the case that fixed rate mortgages were normally a little lower than the SVR but with interest rates now at record lows it is often the other way around.

Short term fixed rate mortgages are those where the rate is fixed for five years or less. If the fix is over five years it is a long term fix. These can be up to 25 years. A mortgage which is fixed for 25 years is also known as a lifetime mortgage but these are very rare.

As a rule of thumb, the shorter the term of the fixed rate period the lower the rate is likely to be. This is because you pay a extra for having the extended period of security.. Short term fixes are popular because they give the borrower a chance to evaluate the market at regular intervals.

The peace of mind that comes with [fixed rate mortgages](#) is the main advantage of having a one. And if the Bank of England raises its base rate rises during the period you could end up saving yourself thousands of pounds. The opposite is also true. If the base rate falls you could end up paying a lot more than if you were on the SVR.

Other things that you need to be on the lookout for with [fixed rate mortgages](#) are the associated fees. Both arrangement fees and early repayment charges (ERCs) are often higher than with other types of mortgage. ERCs will usually apply for the entire length of the fix and can be as much as 5% of your outstanding loan. The size of the fee usually decreases in steps as time progresses.

There is a lot to consider so it is a good idea to talk to a mortgage advisor who can advise you on all the different options. Sometimes they can also get deals which can't be got on the high street.