

Aldermore

Your guide to product switching

Here's everything you need to know about switching to a new mortgage deal, including some frequently asked questions.

27 February
2024

This guide is for:

Home owners who already have a mortgage with us



Why product switch?

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Our product switch rates are available to existing customers looking to move to a new deal when their initial rate or early repayment charges are coming to an end or have finished.



Product switch rates

A choice of fixed or discounted variable rate options for existing customers



No fees

No valuation, solicitor or product fees



Switch early

You can switch to a new deal up to 17 weeks before your current rate or Early Repayment Charges (ERCs) end



Switch to fix' option – if you're on a 2 Year Discount variable rate you can switch to a new fixed rate from our Product Switch range, within your 2 year discount period, without incurring ERCs



Latest valuation

We'll use your up to date valuation along with your existing balance to confirm your product switch rates



Hassle free

No new affordability or credit checks



Overpayments

You can make overpayments of up to 10% of your outstanding balance in any 12 month period without incurring an early repayment charge.

Am I eligible to switch?

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You'll need to meet our eligibility criteria to switch your mortgage to a new deal with us. Please read the details below and if you have any questions our product switch team are here to help.



Your mortgage payments

As long as your mortgage payments are up to date, you can be considered for a product switch.

If you've taken a mortgage payment break, your agreed missed payments during your payment break won't affect your ability to switch rates.



Switching your current mortgage balance

To switch your mortgage, you need to maintain your current mortgage balance and not make any other changes.



Making changes

If you'd like to make changes to your mortgage, such as amending your term or repayment method or adding or removing someone from your account, please call or email our product switch team.



Borrow more

If you're eligible and would like to borrow more on your mortgage you'll be offered a different choice of product rate options to the product switch rate(s) we've included in this guide. [Find out more >](#)



How it works

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When you come to the end of your current mortgage deal, we make it as easy as possible for you to switch to a new rate with us. We'll write to let you know what your rate options are and the ways to switch in plenty of time before your current deal ends.

When can I switch my mortgage?

- I'm on a fixed rate: up to 17 weeks before the end of your current fixed rate
- I'm on a term variable rate: up to 17 weeks before the end of your Early Repayment Charge period (ERCs)
- I'm on the variable Aldermore Managed Rate: you can switch at any time
- I'm on a 2 Year Discount variable rate with the 'Switch to fix' option: you can switch to a new fixed rate, within your 2 year discount period, without incurring ERCs.

Your service choice

We offer product switches on an 'execution only' basis. This means you're responsible for choosing a mortgage that's right for you. You won't receive any advice or a recommendation from us. You can switch by filling in the form at the bottom of your letter or by contacting the product switch team.

Through your broker

If you'd like advice and a recommendation based on your needs and circumstances, you can contact a broker who'll be happy to help you find the right mortgage.

You can find a mortgage broker by searching online or by asking friends or family for personal recommendations.

Don't forget to check they're registered with the FCA. You can do this by searching the register.fca.org.uk

Need any help?

Call or email the team on the details below

How to switch

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If you'd like to switch to a new rate you can apply in three ways:



Contact your mortgage broker

They'll take you through the process and arrange everything for you. If you'd like advice and a recommendation based on your needs and circumstances, you can contact a broker who'll be happy to help you find the right mortgage.

You can find a mortgage broker by searching online or by asking friends or family for personal recommendations. Don't forget to check they're registered with the FCA. You can do this by searching the register.fca.org.uk



Apply by post

We'll write to you around 4 months in advance of your deal or ERCs ending with details of what new rates we can offer you. Fill in the form at the end of your letter and send back in the envelope we've included.



We'll send you a mortgage offer in the post

Get in touch with our dedicated team on **0333 321 1000**
– (follow the instructions from option 2) (Mon-Fri, 9am-5pm)
or email product.switch@aldermore.co.uk



Our product switch rates

Please choose one of the options below. We'll then show you the product switch range you could be eligible for.

Do you have a Help to buy: equity loan mortgage?

Yes No

If you're not sure, give us a call or look out your original completion letter.

If you're not sure, give us a call or look out your original completion letter. You'll need to understand what your current Loan to Value (LTV) is to see which new rates you could be eligible for. This information is included in the letter we send out around 4 months before your current deal or ERCs end. We calculate your LTV using your current mortgage balance compared with the up to date property valuation we have on record.

What does LTV mean?

LTV means loan to value ratio – it's the size of your mortgage as a percentage of the total property value. It shows how much of the value of the property that you're borrowing.

For example: If you buy a home and its valued at £100,000, and have a £10,000 deposit, you will borrow £90,000. This results in a LTV ratio of 90%.

How to find out your Loan to value (LTV)?

- Check your recent letters from us
- Speak to your broker
- Call the team on 0333 321 1000 (follow the instructions from option 2)

Our rates explained

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What's a fixed rate?

- With a fixed rate mortgage your interest rate and monthly payments stay the same for the fixed rate period, usually 2, or 5 years.
- Your monthly payments are protected from the effects of any market interest rate changes during that period. If interest rates increase your payments won't rise; however, if rates decrease your monthly payments won't go down.
- If you want to exit your mortgage during the fixed rate period you'll have to pay early repayment charges (ERCs).
- When the fixed rate period ends, your mortgage is automatically transferred to a variable rate called the Aldermore Managed Rate (AMR). This means your monthly payments could increase or decrease as this variable rate is influenced by other factors such as market interest rate.

What's a discounted variable rate?

- With a 2 year discounted variable rate the interest rate charged on your loan is at the Aldermore Managed Rate (AMR), which is reduced by a set percentage for a period of 2 years.
- The AMR is set by us and is normally influenced by the cost of borrowing. It's not directly linked to but can be influenced by changes in the Bank of England base rate, as well as other market factors. This means your monthly payment can increase or decrease in line with any changes we make to the AMR.
- If you wanted to switch your deal to a new fixed rate with us, during the 2 year discount period, you can do this without being charged ERCs. If you wanted to exit your mortgage during the 2 year discount period, you'd have to pay ERCs
- Once the discount period has come to an end, your mortgage will remain linked to the AMR. This means you'll normally have to make a higher monthly repayment than you made during the initial discount period.

Product switch range for homeowners

We've included our range of product switch rates for homeowners in the table below. For the specific rates you're eligible for you'll need your Loan to Value (LTV).

2 year fixed rate				
	65%	70%	75%	80%
Initial rate	5.94%	6.14%	6.14%	6.49%
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)			
APRC (overall cost for comparison)	9.2%	9.3%	9.3%	9.4%
Product fee	FREE TO EXISTING CUSTOMERS			

5 year fixed rate				
	65%	70%	75%	80%
Initial rate	5.54%	5.74%	5.74%	6.09%
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)			
APRC (overall cost for comparison)	8.0%	8.1%	8.1%	8.3%
Product fee	FREE TO EXISTING CUSTOMERS			

2 Year Discount (with 'Switch to fix' option*)				
	65%	70%	75%	80%
Initial rate	6.23% variable (AMR [^] -3.50%)			
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)			
APRC (overall cost for comparison)	9.3%			
Product fee	FREE TO EXISTING CUSTOMERS			

[^]The Aldermore Managed Rate (AMR) is a variable rate set by us which is currently 9.73%.

*Our 'Switch to fix' 2 Year discounted variable rate enables you to switch to a new fixed rate from our product switch range, during the 2 year discount period, without incurring any ERCs.

The rates above are for product switches only. If you are looking to make any other changes to your mortgage, for example borrowing more money different rates may apply. They could change at any time and are only secured once you've reserved your mortgage product.

Standard range

Representative example:

A mortgage of £118,000.00 payable over 23 years, initially on a fixed rate for 2 years at 6.14% and then on our current variable rate of 9.73% for the remaining 21 years, would require 24 monthly payments of £799.15 followed by 252 payments of £1,054.19. The total amount payable would be £284,835.48 made up of the loan amount plus interest (£166,835.48). The overall cost for comparison is 9.3% APRC representative.

Early repayment charges (ERCs)

Overpayments: Up to 10% of the outstanding balance can be repaid over 12 months without any early repayment charges.

ERCs	2 year fixed	5 year fixed	2 year discount
Year 1	3.00%	4.50%	3.00%*
Year 2	2.50%	4.00%	2.50%*
Year 3		3.50%	
Year 4		3.00%	
Year 5		2.50%	



Help to buy: equity loan (government backed scheme)

We've included our range of product switch rates for Help to buy: equity loan in the table below.

2 year fixed rate		
	70%	75%
Initial rate	6.69%	
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)	
APRC (overall cost for comparison)	9.5%	
Product fee	FREE TO EXISTING CUSTOMERS	

5 year fixed rate		
	70%	75%
Initial rate	6.49%	
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)	
APRC (overall cost for comparison)	8.6%	
Product fee	FREE TO EXISTING CUSTOMERS	

2 Year Discount (with 'Switch to fix' option*)		
	70%	75%
Initial rate	6.73% (AMR [^] -3.00%)	
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)	
APRC (overall cost for comparison)	9.5%	
Product fee	FREE TO EXISTING CUSTOMERS	

[^]The Aldermore Managed Rate (AMR) is a variable rate set by us which is currently 9.73%.

*Our 'Switch to fix' 2 Year discounted variable rate enables you to switch to a new fixed rate from our product switch range, during the 2 year discount period, without incurring any ERCs.

The rates above are for product switches only. If you are looking to make any other changes to your mortgage, for example borrowing more money different rates may apply. They could change at any time and are only secured once you've reserved your mortgage product.

Representative example:

A mortgage of £160,500.00 payable over 28 years, initially on a fixed rate for 5 years at 6.49% and then on our current variable rate of 9.73% for the remaining 23 years, would require 60 monthly payments of £1,037.43 followed by 276 payments of £1,349.63. The total amount payable would be £434,743.68 made up of the loan amount plus interest (£274,243.68). The overall cost for comparison is 8.6% APRC representative.

Early repayment charges (ERCs)

Overpayments: Up to 10% of the outstanding balance can be repaid over 12 months without any early repayment charges.

ERCs	2 year fixed	5 year fixed	2 year discount
Year 1	3.00%	4.50%	3.00%*
Year 2	2.50%	4.00%	2.50%*
Year 3		3.50%	
Year 4		3.00%	
Year 5		2.50%	



High LTV/Help to buy: mortgage guarantee rates**

We've included our range of product switch rates for High LTV/Help to buy: mortgage guarantee in the table below.

2 year fixed rate		
	85%	95%
Initial rate	6.74%	7.54%
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)	
APRC (overall cost for comparison)	9.5%	9.7%
Product fee	FREE TO EXISTING CUSTOMERS	

5 year fixed rate		
	85%	95%
Initial rate	6.29%	7.09%
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)	
APRC (overall cost for comparison)	8.6%	8.9%
Product fee	FREE TO EXISTING CUSTOMERS	

****Our 2 year discount (with 'switch to fix' option*) rates aren't available to Help to buy: mortgage customers.**

2 Year Discount (with 'Switch to fix' option*)			
	85%	90%	95%
Initial rate	6.98% (AMR [^] -2.75%)		7.48% (AMR [^] -2.25%)
Reversion rate (at the end of the fixed rate)	9.73% variable (AMR [^] + 0.00%)		
APRC (overall cost for comparison)	9.6%		9.7%
Product fee	FREE TO EXISTING CUSTOMERS		

Early repayment charges (ERCs)

Overpayments: Up to 10% of the outstanding balance can be repaid over 12 months without any early repayment charges.

ERCs	2 year fixed	5 year fixed	2 year discount
Year 1	3.00%	4.50%	3.00%*
Year 2	2.50%	4.00%	2.50%*
Year 3		3.50%	
Year 4		3.00%	
Year 5		2.50%	

[^]The Aldermore Managed Rate (AMR) is a variable rate set by us which is currently 9.73%.

*Our 'Switch to fix' 2 Year discounted variable rate enables you to switch to a new fixed rate from our product switch range, during the 2 year discount period, without incurring any ERCs.

The rates above are for product switches only. If you are looking to make any other changes to your mortgage, for example borrowing more money different rates may apply. They could change at any time and are only secured once you've reserved your mortgage product.



High LTV/Help to buy: mortgage guarantee

Representative example:

A mortgage of £138,500.00 payable over 30 years, initially on a fixed rate for 2 years at 7.54% and then on our current variable rate of 9.73% for the remaining 28 years, would require 24 monthly payments of £972.21 followed by 336 payments of £1,179.90. The total amount payable would be £419,779.44 made up of the loan amount plus interest (£281,279.44). The overall cost for comparison is 9.7% APRC representative.

Frequently asked questions

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Making changes? I'd like to borrow more on my mortgage

If you're eligible to borrow more on your mortgage you'll be offered a different set of interest rates to the product switch rate(s) we've included this guide. You can contact our Mortgage Advisers at **mortgage.advisers@aldermore.co.uk**. Find out more at **aldermore.co.uk/mortgages/customer-support/borrow-more**

I'm on a fixed rate: What happens if I don't switch before my current rate ends?

If you decide not to switch when your fixed rate comes to an end, your mortgage will change to the variable Aldermore Managed Rate. This will happen automatically and the date along with the rate it will change to are included in your renewal letter. We'll also send you a separate letter with the changes to your monthly direct debit. Your monthly payments will then be based on the variable rate and could go up or down.

I'm on a discounted variable rate: What happens if I don't switch when my early repayment charges end?

Once your discount period comes to an end, your mortgage will remain linked to the Aldermore Managed Rate (AMR). This means you'll normally have to make a higher monthly repayment than you made during the initial discount period. As your monthly payments are based on a variable rate they could still go up or down in the future in line with the Aldermore Managed Rate (AMR).

What happens next? When will my mortgage switch to a new rate?

We'll be able to switch your rate up to 17 weeks before the end of your current rate or early repayment charges, if you're eligible. We want to have enough time to change your monthly payment. If you'd like to switch your mortgage for the next calendar month, you'll need to complete your product switch no later than 15 working days before your next direct debit date. We'll then have enough time to set this up for you. E.g. if your direct debit is 1 July 2022, you'll need to have confirmed your product switch no later than 9 June 2022.

How do you work out the Loan to Value (LTV) for a product switch?

We'll use our up to date computer-based valuation along with your existing balance to confirm your product switch rates. If your LTV is over our maximum bands, you can still be considered for a product switch. Please get in touch with our team for more information.

Money worries?

If you're ever worried about paying your mortgage, we're here to support you. It's important you get in touch as soon as you can. You can contact us at **mortgage.support@aldermore.co.uk** or call **01733 821 388** and we'll talk you through your options. Or visit **aldermore.co.uk/moneyworries** for more information.

Credit is secured on your home. Your home may be repossessed if you do not keep up repayments.

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