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MONEY BOX LIVE

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LEWIS: Hello and welcome to this Money Box Live on Budget Day. The details of the Budget are still being absorbed and, in some cases, still being published, so we're not taking specific Budget calls today. This afternoon, we're talking about mortgages. Budget Call, our phone-in on the Budget, is tomorrow at mid-day, presented by my colleague Vincent Duggleby who's here to give us his first impressions of the Budget before we get on with mortgages. Vincent?

DUGGLEBY: Indeed. Well the most interesting measure I picked out was the rise in the ISA allowances. They're going up from £7,200 to £10,200, which is a really pretty big jump. And it's going to still be split in two - half into shares and half into cash - but that means that £3,600 *before* October 6th, £5,100 *after*, but for those who are 50 or over. And I've checked with the Inland Revenue and this 50 birthday is rather important because you don't get the new allowance until actually the very day you're 50. So if you're 50 before October 6th - fine, you can take out the new higher allowance. If you're 50 say on December 25th, you'll have to wait until after Christmas before you can do it. So we're going to have a Happy Birthday, ISA birthday. ISA on your birthday cake, I suspect will be the slogan going out on that one. *(laughter)* One thing does occur to me, Paul, and that is of course building societies often offer you better terms the more money you put in, so will they save their better deals for those who have £5,000 in cash to put in later in the year or will you be advised to perhaps put your £3,600 in straightaway? We'll think about that during the evening. Now the £100,000 loss of personal allowances. That's an income of £100,000. You lose your personal allowances. I've checked that out. It's going to be the same principles as the existing income limit, which is £21,000 odd, and that's going to be a loss of £1 for every £2 over that. It's not a tapered thing or anything. That's going to take out your personal allowance. Of course it's going to happen next year as well - the same time as the 50% tax rate comes in for the £150,000, those who are lucky enough to earn that amount of money. And that, incidentally, is the highest rate since 1988. Nigel Lawson was the one who removed the 50% rate. The pension provisions are very, very complicated for those earning over £150,000. All I can say is that the tax avoidance thing is going to be somebody who tries to pay extra money in ahead of time is going to be caught with a special tax charge. Again we're going to need to look at those papers in a fair amount of detail before we can come up with the answer. A couple of other points I picked out. I was quite surprised that the Chancellor forecast a *de*flation rate in the RPI - that's a *de*flation, that's falling inflation - of minus 3% in September because that's the critical month for pensions. And you must remember that in theory pensions could go down by 3% - but no, no, they're not going to do it, not the state pension. Private pensions are a different matter, but the state pension will regardless go up by 2.5% even if, as the Chancellor says, inflation has fallen by 3%. So there are three of the points I've picked out, Paul.

LEWIS: And anything specific on housing or mortgages, Vincent, to help us this afternoon?

DUGGLEBY: Well, yes. He has confirmed that the Extra Mortgage Support Scheme is now in place. He also said that there will be £20 billion more to go into mortgages. I suspect this will be largely through the banks that are currently more or less owned by the Government - NatWest, Halifax Bank of Scotland and so on and so forth. He's also confirmed the security backed scheme, and that's again a bit complicated but it should again free up money for more lending. Because this is the key - to get the lending back into the system.

LEWIS: Yes, absolutely.

DUGGLEBY: And on that basis, the only new thing - if you could say it was new because it was pretty heavily leaked - the stamp duty holiday is going to go on for £175,000 houses or houses up to £175,000. He's extended that from September to the end of December 2009 - that's this year - so he's given you another 9 months free of stamp duty if you can find a house to your liking of under £175,000.

LEWIS: Vincent Duggleby, thank you very much. And Vincent and I will be here tomorrow at mid-day to answer your questions on Budget Call on Radio 4. Hopefully we'll have sorted out some of those tricky details by then. So save your Budget questions for tomorrow. Today we're talking about buying a house and mortgages. And there are some signs that the housing market is picking up. The number of new buyer enquiries has risen for 5 months. Today the Council of Mortgage Lenders says the amount lent to buy homes is 16% up on a month ago, though very heavily down on a year ago, and there was a big rise in house sales in March. On Saturday, on Money Box, we heard from estate agents who said that business was looking up. But the banks still want near perfect credit records and, for the best deals, a very big deposit. So today we're taking your questions on mortgages: how to get one, what sort to go for. You can call now - 03700 100 444. With me to answer your questions are Ray Boulger, Senior Technical Manager with mortgage brokers John Charcol; Paula John, who's Editor in Chief of Your Mortgage magazine; and David Hollingworth from mortgage brokers London and Country. Our first question is from Emma in Northampton. Emma, your question?

EMMA: Hello. We actually bought our first house in August 2007, so we took out a fixed rate mortgage because we wanted to know how much we were paying and we managed to put down a 10% deposit. However the 2 year fixed rate deal is just coming to an end. So I spoke to Abbey, who's our mortgage provider, for just like planning ahead to find out what the options were, but we were actually told that our loan to value was probably about 105% now.

LEWIS: So the value of your property's fallen, so your mortgage is now bigger than your property is worth?

EMMA: Yes.

LEWIS: Negative equity, as we call it.

EMMA: Yes. So a few weeks ago, they said at that point in time they wouldn't be able to offer us a new deal. They did say they may possibly be changing their policy, which would maybe be more favourable to people that have …

LEWIS: But presumably you can stay on the … you would then move to the variable rate? They're not saying they're going to stop offering you a mortgage; it's just you'll have to pay the variable rate rather than the current fixed rate you're paying?

EMMA: Yes.

LEWIS: Right.

EMMA: So it would be lower than what we are fixed at, the rate at the minute. We are at 5.34%.

LEWIS: Right. And what's their variable rate. Do you know?

EMMA: I think it's something like 4.6. It's not one of the lowest.

LEWIS: I'm sure Ray Boulger knows. Ray, advice for Emma?

BOULGER: I think it's down to about 4.25 now, 4.24.

LEWIS: So that would be a percentage less. What can people in Emma's position do then, Ray?

BOULGER: Well it all depends, frankly, on which lender you're with. Some lenders are looking after their existing customers who've got little or no equity very well. Halifax, Bank of Scotland and Coventry, for example, are all offering new deals to people even if they're in negative equity. And at very respectable rates as well. The majority of lenders, however, including Abbey, are not doing that. So there's absolutely no chance that people in Emma's position can remortage and so their only hope is to get another deal from their existing lender. So if Abbey do change their policy, then clearly they may offer her something worthwhile. In the short-term, I don't think she's got a problem because it's unlikely short-term interest rates such as standard variable rates are going to go up for some months. But I think she's absolutely right to look at fixing and I would suggest fixing for at least 5 years to protect herself from when interest rates *do* go up. We don't know when that's going to be, but it's bound to happen. So she is stuck, frankly, until Abbey … well unless Abbey change their policy.

LEWIS: David Hollingworth, anything to add to that?

HOLLINGWORTH: Well I think Ray's spot on there. I mean some of the lenders are starting to open up a little bit, realising that borrowers are concerned about whilst their payment may drop in the short-term there is the possibility that rates will go up and they will be affected then. So protecting … Emma's being very sensible and hopefully Abbey will listen to what she's saying and others like her and start to put some kind of fixed rate options together for existing borrowers.

LEWIS: Paula John, it's ironic, isn't it, that at one time lenders were falling over themselves to lend well certainly 100% if not 105%. Now they're saying no thanks even to existing customers.

JOHN: Exactly - it's a very different world we live in, isn't it? I suppose one thing - if Emma could save up any money over those months while she's stuck on that SVR, then it might give her more options further on for reducing … you know helping to get out of that negative equity.

LEWIS: So use the reduction in the mortgage paid perhaps to put some money aside and that would help her not to have negative equity in a few months time?

JOHN: Yeah, exactly.

LEWIS: What do you think about that, Emma - saving some money up or perhaps getting some money from family?

EMMA: Well that's the option. We could maybe get a small amount of money from my parents with a loan because obviously they're not getting much interest on their savings at the moment. It may be an option for them to help us, so that we at least maybe got back to at least maybe 95%. Would that maybe give us a few options?

BOULGER: You really need to get down to 90% to have any chance at all, Emma. There are one or two lenders who've got 95% deals, but they're very hard to get. So I'd say absolute minimum you need to aim for is 10%.

LEWIS: And that would be to move to another lender who perhaps might be more sympathetic?

BOULGER: Yes. I mean it's just possible Abbey might offer you something at 90%. You'd clearly have more chance, but also you would be able to find another lender at that level.

LEWIS: So I think wait and see, Emma, but I think general congratulations from everyone here as they've been talking that you've actually started looking at this now rather than waiting till it runs out and then thinking oh my goodness, what am I going to do?

EMMA: Yes.

LEWIS: Thanks very much for your call. I'm sure there's lots of people in your position. We'll move on now to Will who's calling us from Guildford. Will, your question?

WILL: Hello there. Yes, I'm a first-time buyer. I've managed to save up a little bit of money and my parents have contributed a little bit towards getting a property. Unfortunately it's in Surrey and it's all very expensive up there, so the £175,000 stamp duty is not applicable because I'm looking above that kind of rate. Essentially what I'm being pushed down by the mortgage brokers and mortgage advisers is to go for a kind of fixed rate for a couple of years. My worry is that after that couple of years, they're not going to accept me any more and I'll sell the house and I probably won't have made any money at all over the 2 years.

LEWIS: You have to remember though, Will, buying a house is to live in; it's not to make money. *(laughs)*

WILL: Yes, this is correct, yes, but I …

LEWIS: It'll still be worth one house when you have to sell it. But, as we've heard Will, once your deal comes to an end, the lender will still carry on lending to you; it just might not be on the same terms. And I must say we've had a lot of emails - I'll go through them in a minute - about people saying should we fix. Ray Boulger, should we fix now for 2 years? Is that a good idea?

BOULGER: I think it's a very bad idea to fix for 2 years, but I think it's a really good idea to fix for at least 5. I mean it's very difficult to know how long interest rates are going to stay low. We're in such a mess in this country that it's possible bank rate might have to stay very low for 2 or 3 years. It's equally possible that all the money the Bank of England is pumping into the economy might start to generate inflation next year and interest rates could start going up next year. What I think one can be pretty confident about is that when interest rates do go up, that they've got quite a long way to go and they could go up quite quickly, so I think buying a 2 year fix is bad news providing you plan to keep the property for some time simply because you're likely to come out of that 2 year fixed at a time when rates are going up and you'll have missed the boat.

LEWIS: So it's just the wrong moment.

BOULGER: So you really need to be looking for a longer term fixed rate.

LEWIS: And you said 5 years. Paula John, we've had emails about this. For example, Jamie says 5 years or 10 years. Is that how long we should fix? Are they good value over that long term? I mean how long do you think people should be thinking of fixing for?

JOHN: Well in this country, I don't think many people are that comfortable fixing for more than 5 years, to be perfectly honest. This has been an ongoing debate for years now -should we be fixing for up to 25 years, for example? That's something that …

LEWIS: Think of all the fees you save from remortgaging. *(laughs)*

JOHN: Well, yeah, that's something the Government was trying to get introduced some years ago. In fact they were trying to suggest that we should do that when interest rates were all around 6%. So I would say if you're comfortable with fixing for 10 years, why ever not? You really don't have to think about it then. It's all done and dusted. But I think 5 years will remain more popular because people just simply don't want to guess further out than that.

LEWIS: No and it does look … I mean certainly the Chancellor would have us believe that we will be in a slightly more stable condition in the economy in 5 years time. David Hollingworth, what's your view on fixes because, as I say, loads of people emailing us - 5 years, 10 years. Is a 5 year a good idea? 3 years or more? I mean people are just sending us emails on every possible permutation of this.

HOLLINGWORTH: Yeah, I mean I think first-time buyers, you know ultimately fixed rate is what you're looking at definitely. I think it was interesting that Will mentioned you know about making money and whether he'll make any money in 2 years time. I think it is a case of, as you said, thinking about this as you're buying a home to live in, and on that basis probably you have got a 5 year view at least on that. Gone probably are the days where we're talking about very quick turnaround first-time buyers. So that does start to open up longer term products because you will be obviously locked into these fixed rates.

LEWIS: So you all seem to be coming down to sort of 5 years. What sort of interest rate would you expect to pay on 5 years?

HOLLINGWORTH: Well you can get about 4.25 on a 5 year fix with a big deposit, but again obviously it's crucial to have that deposit.

LEWIS: 4.25, Ray, but with a fee upfront as well presumably?

BOULGER: Well pretty well all deals have got fees these days. The ones that don't will have a higher interest rate. Clearly the larger your mortgage, the less important pro rata the fee is. Will said he's looking to buy well over £175,000. So for somebody likely to take out a relatively large mortgage, it's usually better value to actually pay a reasonable fee because you get a lower interest rate. If you're only borrowing £50,000, for example, you need to look for a low fee even though the interest rate's going to be higher.

LEWIS: Because it's interest in advance in effect, isn't it? So what sort of rate are we talking? 4.25? Are you in line with David on that?

BOULGER: Well it all depends on the deposit. We're not sure how much Will's got to put down. But I mean Northern Rock, for example, have got a 5 year fixed rate at 4.69, which is available up to 65% loan to value, and so that's good value because you can overpay. And you know if Will's position as a first-time buyer improves in terms of having more income, it may well be that he could actually bring his mortgage down. But if Will needs to borrow 90%, then he's going to be looking at rates starting at about 6%, so there's a big jump if you've only got a small deposit.

LEWIS: Okay. Thanks very much for your call, Will. I hope you manage to find the mortgage you need for that nice house in Surrey. Now I'm just going to do an email from Anna. She's a first-time buyer, she has 15% deposit. She's got an offer accepted on £245,000. She's been offered a 5 year fix and it's an offset mortgage, and she wants to know is it suitable? So I suppose really we should say who are they suitable for, who are they not suitable for. Paula John, just explain what it is first because I'm not sure everyone knows.

JOHN: Well with an offset mortgage essentially you take all the money you have in a savings account and current account and it's offset against your mortgage. So say you've borrowed 100,000 and you've got 20 in credit, effectively you just pay interest on the 80,000 balance.

LEWIS: So it's useful for people who've got savings or an account where they run a self-employed business through or something like that?

JOHN: Absolutely. And you don't have to have *massive* savings to make them work - I think they're a fantastic product - but you do have to have *some* form of savings. So if you're a first-time buyer and you're going to be putting all your savings down as a deposit, then it's not really going to work for you and there's not usually much point in having an offset product unless you're going to use those offset facilities.

LEWIS: Right. Though she's obviously been offered this. David Hollingworth, why would you be offered an offset when you're in that position of first-time buyer, and in fact Anna says later in her email - 'I will have no savings once the sale has gone through'?

HOLLINGWORTH: Well I guess if she's gone direct to a lender …

LEWIS: She has, yes.

HOLLINGWORTH: Right, they'll be looking to offer something from their range only obviously and it may be that in their range the offset fix is as good as they've got. It may also be that … I mean we have seen the differential between offset and traditional deals actually coming down. Lenders like First Direct, for example, have offset deals which are pretty much market leaders in their own right, so the offset becomes desirable long-term if you like.

LEWIS: *(over)* So there's no offset premium. So if you've got a bit of savings or a current account with a reasonable amount going through it, it might even then be worth it because it's bringing down your payments every month.

HOLLINGWORTH: *(over)* Exactly … yeah. But it's not a classic first-time buyer product though, I would say.

LEWIS: Okay. Okay, Anna, well thanks for your email. I hope that was helpful. We'll now move onto Joel who's calling us from Kentish Town in London. Joel, your question?

JOEL: Hello, hi. Yes, I'm a self-employed freelance writer and when I bought my first flat a couple of years ago I got a self-certified mortgage - without too much trouble because I had a very big deposit.

LEWIS: So just to explain, self-certified is when you say what your earnings are and they say okay without actually checking it.

JOEL: Yes, exactly. And it wasn't a big deal because it wasn't a huge mortgage in the scheme of things and actually the repayments were relatively low in the scheme of things - the interest that is. But anyway now I'm sort of scaling up to a bigger flat with my partner, and we still have a big deposit, still more than half the value of the property, but our combined salaries, the multiple of them is not actually big enough, I don't think, to reach the mortgage for the outstanding … for the rest that we need. And so I think we're going to have to go self-certified again and obviously I'm quite worried about the likelihood of being able to get such a product now.

LEWIS: Yes, there's certainly a lot fewer of them, aren't there? David Hollingworth, what advice for Joel?

HOLLINGWORTH: Well the big deposit's very good news because that's going to go down well with lenders. Really it's going to be a case of shopping around. You're absolutely right, self-certification markets have been absolutely decimated by the credit crunch. There are one or two lenders like The Mortgage Works, which is a Nationwide subsidiary platform, which is a Britannia subsidiary. They're still there.

LEWIS: They're high interest rates though, aren't they?

HOLLINGWORTH: Yeah, you pay much higher interest rates for the luxury of being able to self-certify. I do wonder whether it's worth sitting down and just looking at what kind of evidence you can come up with of your earnings. Lenders are tougher, they may be looking for 2 to 3 years now of accounts, but it could be possible to look at the mainstream market.

LEWIS: And Ray Boulger, what sort of evidence do they take? Would they take a tax return, for example, as genuine evidence of your income?

BOULGER: Some will. Clearly if you're getting a self-certification mortgage, by definition you don't have to prove income, so the key question is could Joel get a status mortgage? Can he prove sufficient income to satisfy a lender? Now the income multiples you can get on a status mortgage do tend to be quite …

LEWIS: A status mortgage is?

BOULGER: That's basically where you prove your income.

LEWIS: Right

BOULGER: … will in some cases be higher than on a self-certified mortgage. So I think the advice David's given there is absolutely spot on: well worthwhile checking whether he can provide enough income. Some lenders will be happy with 2 years accounts; some will want 3. Some will base the mortgage on the last year's income; some will take the average. But definitely well worthwhile talking to a good independent adviser to see what the options are there. If he can get a mortgage where the income's proven, the interest rate will be significantly lower, so it will be much cheaper as well. And one other option that perhaps is worth considering - maybe he or his partner has got a parent who can act as a guarantor. That again might be a way round the problem. It sounds like they can adequately afford the mortgage; the problem is demonstrating that to a lender.

LEWIS: Yes, yes. So, Joel, it sounds as if you've got to do a bit of rummaging around in the files you keep your accounts in.

JOEL: Yes. Can I ask what kind of …

LEWIS: Of course.

JOEL: … percentage rates are available you know if we were to be looking at the self-certification?

LEWIS: Ray?

BOULGER: Well the maximum loan to value on self-certification is 75%, but you are going to be looking at pretty high rates - 7.5% or thereabouts. If you're only looking to borrow 65%, you can get rates down to about 6% but with a 2.5% fee, for example. So the rates are a lot higher. So well worthwhile going to a bit of trouble to prove enough income if you can.

LEWIS: Yes, so well worthwhile to rummage round in those old files and get the evidence. Thanks very much for your call, Joel. I'm sure a lot of people are finding that problem. And Ray mentioned being a guarantor and I think Jane has come up at just the right moment to ask a question about that. Jane from Nottingham?

JANE: Yes, I have. My daughter and her partner are both actors and they have to live in London - so their work is intermittent, so they do always find temporary work between. They're looking to buy a flat. Both sets of parents could help with a reasonable deposit, but I was wondering if they could *get* a mortgage when they don't have regular incomes and if we could guarantee? But I'm retired, my husband may only work for another 2 or 3 years.

LEWIS: I think guarantors are only as good as the guarantee they can give really. Ray, let me come to you first on that. Guarantors. It must be a thing a lot of parents are thinking of at the moment?

BOULGER: Sure. Yes, your age unfortunately is going to count against you, Jane. Despite the age discrimination legislation, lenders …

LEWIS: It doesn't apply to financial services yet, does it?

BOULGER: *(laughs)* …lenders will generally not accept a guarantor beyond normal retirement age. So maybe your … Was it your daughter? Yeah, maybe your daughter's partner's parents are in a better position to act as a guarantor?

JANE: Well they're similar actually: one's retired but one's working. I mean we've got two working between, but then you know both of those are coming up to retirement age.

LEWIS: So how about the deposit route? David Hollingworth, is this something that would be more helpful perhaps than trying to be a guarantor when really you don't have the sort of status the lender would want?

HOLLINGWORTH: Yeah, well I mean then we're going to come to the question much the same as the last caller - what kind of income can they actually show - and I do fear about the changeable nature of it and this period between work and looking for other temporary positions. In this current climate lenders are getting pickier, I'm afraid, and that could be a bit of a job. But again it's one of those where you've got to shop around and try and place it with a lender.

LEWIS: Paula John - it's all about risk, isn't it? Banks don't want to take a risk. And a couple of actors sadly do sound like a bit of a risk.

JOHN: They do, unfortunately. Lenders are really … I mean that's why they're going for 40% deposits and the safest possible borrowers they can. That said, if you do sit down and talk to an adviser, there aren't many lenders in this market at all but it's fantastic that you can offer some sort of deposit; and if your daughter's partner's parents can too, that's great news. If that's substantial, if they talk to an adviser maybe one of the players that's still in the self-employed market might look at it.

LEWIS: Yes. And I suppose you do have to say that if you have got people with very variable incomes that are uncertain, they have to be jolly sure they're going to be able to meet those payments, never mind whether the lender will lend to you, because otherwise you could be in real difficulties a few years down the line.

JOHN: Well this is why lenders will be loathe to do it. You know they have to be confident of course that they can keep the roof over their heads.

LEWIS: Right. Let's take a quick email now from Jill who has a question again I'm sure many, many people are wondering at the moment. She has a fixed rate, locked in for 5 years until July 2012. She's paying 5.76%. Her redemption penalties are £4,000 for an early settlement. Is it worth finding the £4,000 to get out of it and go for a better mortgage rate that's currently on the market?' David Hollingworth?

HOLLINGWORTH: The answer's a cautious could be. You've really got to do the individual maths on this. There's no overall formula that you can apply. Essentially you're looking to see whether you could get a rate that's going to save back the early repayment charge over the period of the remaining fixed rate - in this case till 2012. So you know that's £4,000 plus any set of costs on the new mortgage. You really do have to go in being sure. And also a good point to remember: if you are looking at this pulling out of a current deal, be sure that you're switching fixed to fixed because if you go fixed to a variable deal you're not guaranteed those savings. If rates start to rise, those savings that on the face of it you'll get now could be eroded quite rapidly.

LEWIS: Indeed. Well thanks for your email, Jill. And I think very conveniently Alison from Peckham has just popped up with a call on exactly that topic. Alison, what are your circumstances?

ALISON: Yes, it's pretty much exactly the same question but my repayment charge is £10,050.

LEWIS: Far more, yes.

ALISON: It's a lot more. And the rate that I'm on at the moment is 5.69. So in a way it's the same question, but different maths. And I don't know.

LEWIS: Have you been to anybody to try and get the maths done? I mean I'm not assuming you can't do it yourself, but this is a fairly technical area, isn't it?

ALISON: No, I haven't. And in fact my question was more to do with you know £10,000 is a lot of money and I was wondering in fact whether … you know despite what the maths says whether banks have ever been known to negotiate these kinds of things?

LEWIS: Ray Boulger's smiling as if he's tried. *(laughter)*

BOULGER: Well generally not. When Northern Rock were looking for their customers to redeem mortgages at the beginning of last year, one senior employee in this organisation here actually wrote to them and offered to redeem his mortgage early if they'd waive the early repayment charge and they weren't too inclined to do that. And certainly generally, I don't think that's going to happen. Looking at the value on your property, Alison, you're currently somewhere around about 65% loan to value at the moment.

ALISON: Well I said that it was worth 310, but the thing is that that's somebody at an estate agent's that said that. I mean it could be 280, who knows?

BOULGER: Yeah, well that's what I was going to say. The chances are that if you get a remortgage valuation, it will be more cautious than that, so you could well find that the amount you need to borrow, particularly if you add on the £10,000, takes you above 75%, in which case it's certainly not worth doing. But actually I don't think it's going to be worth doing anyway because your early repayment charge is about 5% - so if you've got 3 years to go, you've got to recoup that 5% over 3 years, which you will not be able to do. So I think your best bet is to stay put.

LEWIS: It's sad, isn't it? People hear about mortgage savings all over the place and they can't make them and they try to find a way out but the arithmetic's often against you. Thanks very much for your call, Alison. I'm going to try and squeeze in the last two callers very quickly. Laura first from East Grinstead.

LAURA: Oh hello, yes. My partner and I are first-time buyers and I was actually made redundant at the end of last year, currently on a relatively low paid job. We have a deposit of £115,000 and have recently had an offer accepted on a property for £227,00. However sort of from student days and things, we do have sort of relatively substantial credit card debts of about £10,000.

LEWIS: And are these debts … Forgive me for asking this, but are these debts you're servicing properly or have you been behind with payments?

LAURA: Well we mainly have, but I think whilst we were living abroad last year we were a bit late, so therefore probably not the most ideal credit rating.

LEWIS: Okay, so really the question is poor credit rating, can you get a mortgage? Paula John - this is a common problem again, I expect?

JOHN: Yes, absolutely, and lenders are getting far tighter on credit ratings. Without actually seeing … It will depend from lender to lender how strict they are on these things. They certainly have tightened up. But you have got a very big deposit there, which is really going to work in your favour, so I would be inclined to sit down with an adviser, to be perfectly honest, because they know the ins and outs and which lenders are being very fussy.

LEWIS: Okay, I'm going to ask Ray very briefly. Joanne wants to know if she can switch her mortgage from a repayment to a buy-to-let - a live in mortgage to a buy-to-let when she wants to move?

BOULGER: What she'll need to do is ask her lender if they will give her permission to let and most lenders will do that. They may want to increase the interest rate, typically by 1%, but normally they'll agree to do that, although sometimes they limit the period.

LEWIS: Okay. Joanne, I'm sorry we couldn't hear from you, but we are running out of time. That is all we have time for. My thanks to Ray Boulger, who you just heard, from John Charcol; Paula John of Your Mortgage Magazine; and David Hollingworth of London & Country. More information with the BBC helpline - 0800 044 044 - and our website, bbc.co.uk/moneybox, where there's loads to do. Now for your Budget questions, Vincent Duggleby and I are back here tomorrow at mid-day with Budget Call. You can send questions now through our website. And I'm back on Saturday with Money Box and of course back here next Wednesday afternoon with Money Box Live. There's no escape.