MONEY BOX LIVE

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DUGGLEBY: We're talking about mortgages on this Money Box Live. For the time being, the belief that interest rates are set to rise in the near future has receded. Now it looks as though it could be at least a year or even 2 years before the Bank of England decides to take action. Five per cent inflation, it seems, no longer has any impact on the level of base rate; and borrowers now have a wide choice of loans below 4% and some less than 3%. In the last couple of weeks various banks and building societies have also announced cheaper fixes. But, as always, there's a stumbling block: first time buyers still need a deposit of at least 25% to get the best deals - which is a tall order, although there is help in the shape of the government's First Buy top up scheme. It won't be available for those looking to remortgage when lenders will want to see a loan to value ratio of no more than 75%. So if you bought your home 5 years ago with a 90% mortgage, it may prove a difficult hurdle since house prices, except in the London area, are pretty static at present. Mind you, with very little new building against a background of 25% inflation over 5 years something's going to give whether it's wages, prices, interest rates, or all three. If only we knew by how much and when, it would be easier to decide whether to choose a fixed or tracker loan - with the added option of caps and collars, drop blocks and offsets or perhaps staying on your existing lender's variable rate. Affordability is the key. The sums are complicated by arrangement fees that can be anything from zero to £1,000 or more. You need to check the loan's transfer rule, the flexibility for overpayment and whether there are penalties for early redemption. And if all that sounds like hard work, it is - which is why many borrowers turn to mortgage brokers for help. Two of the best are with me on Money Box Live to answer your questions: Ray Boulger from John Charcol and Simon Tyler from Tyler Mortgage Management. 03700 100 444 is the number for your calls. Lots of questions coming in, and Ben in York you've got the first one.

BEN: Oh hi, afternoon. I am currently in the process of putting the house on the market, and the house that we are looking at is pretty much on the limit of what we could afford on a monthly basis. We currently have a fixed rate mortgage and we are looking at the options between a tracker, which would be a little bit cheaper, probably about £100/£150 a month cheaper than a fixed. We've been offered by HSBC the potential for a tracker that within 18 months, if we were to transfer across to a fixed rate mortgage, wouldn't actually have a penalty. Now I'm conscious of what potentially could happen to interest rates, although your introduction seemed to signify this might not be so much of a concern, but I'm trying to establish whether it's best to go with a tracker initially. Obviously in potentially 18 months time if the interest rates do go up, a fixed rate mortgage will be higher and maybe above what we could afford on a monthly basis. So I'm just trying to find out what the best option for me is now for the next couple of years.

DUGGLEBY: So you've bought your new house or in the process of buying it?

BEN: No, no. We're going on the market, should be on the market tonight. The houses that we're looking at for our requirements for the next sort of 5 years or so are at a price range of pretty much what we could afford on a monthly basis. We've got capital to put in, but …

DUGGLEBY: So you've got a mortgage agreed in principle have you with HSBC?

BEN: We have, yes.

DUGGLEBY: Okay, well I'll have a comment on that in a moment. Right Ray, your call first.

BOULGER: Well, Ben, my first worry from what you say is that you say that the mortgage payments are going to be close to what you can afford. And bearing in mind how low interest rates are at the moment and when they move they're only going to go one way - although I suspect that's going to be fairly slow - I would be concerned that you may find you can't afford your mortgage in 2 or 3 years time. Now on that basis, if you can afford a 5 year fixed rate and depending on how much deposit you've got, you can get rates starting at just below 4%, that is probably your best bet even though I don't expect interest rates to go up very quickly. If you can't afford 4% that you would pay on a fixed rate, then you really need to lower your sights.

DUGGLEBY: Simon?

TYLER: Well it's not often you can get everyone to agree at the same time on this subject, but I think the key points that Ray raised were exactly right. You're saying you're near the limit of your expectation. Well the bad news is any rate movement is going to be upwards from here, so if you're at your point of about to break financially then you know the first movement's going to be very damaging to you. So you need to think very carefully about the purchase price of the house. You may even have to think about the area you're going to move to and perhaps look slightly further out, so you can afford a 5 year fixed rate - because you said it was a 5 year purchase you were looking at potentially for your needs. Maybe just change your area if that's at all practical and get a slightly smaller, a cheaper property for the same size, and therefore you can afford a mortgate that will not go up for those 5 years because I think you are taking a fairly significant risk from what you're saying.

DUGGLEBY: As far as the house is concerned, I'm a bit concerned you haven't actually identified a house that you're going to buy and the amount of loan you want. HSBC …

BEN: *(over)* No, I may have given the wrong impression that we are pushing ourselves beyond our means. We have a budget, a monthly mortgage budget that is taking into consideration that interest rates will probably, will almost definitely go up. So we've got this limit, but there is then a back-up on that as well.

DUGGLEBY: The point about HSBC is they're pretty strict in their criteria when they're dealing with mortgages. I mean you've got to know exactly how much you're going to borrow. The loan to value ratio is very important. If you change your mind or you decide to buy a more expensive house or a cheaper house, be prepared for them to offer you a slightly different deal from the first one you may have thought you had agreed. Simon?

TYLER: I think the key question to ask you here at the moment is what loan to value you are expecting to buy at. I mean can you give us a clue on that?

BEN: We are looking at 58%.

DUGGLEBY: That's okay. That's below their 60.

TYLER: You should definitely be going for Nationwide at the moment who have the most attractive 5 year fixed rate out there, the cheapest 5 year fixed rate we've seen in 30 years - 3.89 - and if you can apply for that, that would make a lot of sense. If you can afford your mortgage at 3.89%, then that's the one for you.

DUGGLEBY: And does that include the fee? Have you factored that into the total cost? There's a £900 fee, isn't there, on that one?

TYLER: Well you'd add it to the mortgage if needs be.

DUGGLEBY: Right, so it's still a competitive offer?

BOULGER: That would definitely be the most competitive 5 year fix. But we have an alternative deal, which I think offers better value than that because interest rates are highly unlikely to go up in the next 2 years. The further ahead you look, it's much more difficult to know where they're going to go. So what you could do is take a deal that gives you a tracker for the first 2 years at bank rate plus 1.79%, so you start off paying 2.29, and then you pay a fixed rate of 3.99 for the next 3 years. That I would suggest is likely to prove cheaper.

DUGGLEBY: Okay, well you can see Ben there's quite a lot of choice out there. I think nearer the time, your best best is to you know perhaps go to a couple of brokers and just see what they've got on offer because these deals, they last sometimes for a short time, sometimes for a long time. Very difficult to be precise when you actually haven't got the property identified. We must move on. Kerry in St. Alban's, your call.

KERRY: Oh hello there. I've actually completed and sold my house last Friday. I haven't actually found anywhere to move to yet, but I've spoken to my mortgage lender and they are happy for me to port the mortgage, but I've only got 8 weeks to do it.

DUGGLEBY: Who's that one … who's that with?

KERRY: It's with Cheltenham & Gloucester.

DUGGLEBY: Okay, right.

KERRY: Yeah. And I'm getting a bit worried now that I'm going to make a rash decision and I don't know whether I should just wait and rent for a while and then try and get back on the ladder again, or whether the best advice would be to just port the mortgage, buy something and stay on the ladder.

DUGGLEBY: It rarely pays to do anything in haste. What was your margin over base on it, did you say?

KERRY: I'm tracking the base rate at 2.5% above, so it's 2.55% I'm paying at the moment.

DUGGLEBY: Okay, Simon?

TYLER: Can we ask you again what's your loan to value at the moment, or what's it likely to be if you were to buy a new place?

KERRY: About 40% deposit I've got to buy a new place.

TYLER: Okay. So, first of all, if you can do it within 8 weeks and it saves you some hassle and you can go with your current lender, C&G, that's fine. Of course they're no longer lending generally speaking, C&G, because they've been removed from the Lloyds TSB stable, but you can still get a mortgage from them. But if you took a new mortgage at that sort of loan to value and you wanted to go for a tracker, assuming it was a lengthy tracker, you could still get in at something around 1.8 over base, in fact slightly cheaper than you're doing depending on the circumstances.

KERRY: Oh right.

TYLER: So although it's a good idea to go with what you've currently got, you wouldn't be too much disadvantaged if it went past 8 weeks, assuming the market doesn't change substantially in that time.

KERRY: Okay.

DUGGLEBY: Okay, thanks for that call.

KERRY: Thank you very much.

DUGGLEBY: We've got a number of callers, as you'll appreciate, with specific questions. Here's one from Rob in Wootton Bassett. He says he's currently got a tracker repayment for £78,000 with an additional loan on the property of £20,000 for which he pays interest only. The tracker's coming to an end and he's really asking can I pay off the £20,000 loan - because he can afford to do so - and thereby reduce the mortgage? How would you approach this problem? Now the trouble is what he doesn't tell us is what the house is worth, so we lack the loan to value bit on that. Ray, can you help with that?

BOULGER: Well in terms of the £20,000, the fact that it's on interest only doesn't tell us whether it's on the standard variable rate - which I suspect it may be. If it is, it's probably got no early repayment charges, in which case yes he can pay it off without any problem. So the first thing to do is to check whether there's any early repayment charges. Even if there are, chances are there won't be on the £78,000 when he comes to the end of the deal. So in all probability he can pay off £20,000 from one or other part of the mortgage without incurring an early repayment charge.

DUGGLEBY: I mean I'm thinking here, Simon, that if the £20,000 disappears then the loan to value is bound to go down by that amount, which would be helpful in terms of the rate he can get?

TYLER: Yeah, I mean everyone who's got a low loan to value has a better choice and a wider choice in the market, and when you see adverts in the papers for certain rates they're always going to be the ones for the lowest loan to value and it can be disappointing when you ring up and ask about the 3% rate and find you only qualify for 6. So if you're already on the low loan to value, this is going to give you a far bigger choice, as you say.

DUGGLEBY: And we've got Daniel in Haverhill with a slightly more tricky problem. He's got a 100% mortgage which he took out £135,000, and that's made up of £105,000 with £30,000 unsecured. So he's only got about £2,000 or £3,000 in equity. He just really doesn't know quite what to do. He's been told essentially that he's absolutely had it. He's been to a broker who says you know there's no way, you've just got to stick with your existing lender which happens to be Northern Rock.

BOULGER: Well that's absolutely right. But I mean he'll be paying 4.79% on that deal - the standard variable rate for Northern Rock or maybe marginally less - so for a mortgage that's 100% plus, that's actually a very good rate. So there is absolutely no point in trying to refinance because you are not even going to get a deal, let alone a better one.

DUGGLEBY: Right. So the broker who said sorry, can't help, was absolutely …

BOUGLER: Spot on.

DUGGLEBY: Yeah. Okay David in North Wales, your call?

DAVID: Hello there, I wonder if you can help me. It's a rather simple question, but it goes back a long, long time. Many years ago we were shopping round for a mortgage, looking for a straightforward repayment mortgage, and we were actually mis-sold an endowment. Now it's been resolved and it's by the by. But at the time, as we were going round for many different quotations to get the cheapest deal that we could, it came as a bit of surprise when at the eleventh hour the lender told us that we would be required to pay what was known as an insurance guarantee premium. This was only a fortnight before the completion and as in the process of buying a house, you're a bit vulnerable, we had no option but to pay it. Can you explain what an insurance guarantee premium is or was and why we would have to pay it?

DUGGLEBY: Simon?

TYLER: Well in 1992 the mortgage end of financial services was not regulated by the Financial Services Authority, so there was a different level of disclosure given by a lot of people. So your lender should certainly have told you about this. It's more commonly known as mortgage indemnity insurance, mortgage indemnity guarantee - MIG they sometimes call it. And this is basically a premium that you pay, or you did pay at that stage, to cover your lender for any losses they would make of you failed to pay your mortgage, they repossessed your property and ended up making a financial loss. And this was an insurance premium you took out on their behalf and that was very common at the time. The competition in the mid-90s and across the late 90s into this century removed mortgage indemnity premiums that were paid by borrowers and they were put into the deals and paid for by the lenders themselves who then self-insured because the losses they were making after the early part of the 90s completely disappeared as house prices zoomed away. So it's become something of an unknown term these days apart from for those of us in the business, but they could well be seeing a comeback because this may be part of the way that people will get higher loan to value mortgages at lower rates than we're seeing today.

DUGGLEBY: Okay, David, there's your answer. And we'll move onto an email from Tim in Dudley. Similar sort of subject, panel. It's to do with guaranteeing the rate. Now his mortgage is coming to the end of its fix, 3 years. It was 6.29% and he says that they're looking forward to dropping them to a lower rate, which should be okay. The house is worth £100,000. The mortgage they want is about £68,000. Their adviser has said that if they want to be sort of comfortable and secure, he can offer them something called 'rate guard' insurance, which if rates go up by 0.5% they'll get the difference paid, and if they go up by 1% they'll get paid the difference. Now he's never heard of this and personally I haven't heard of it either, but it seems to me that basically the mortgage he's seeking isn't a problem because we can fix, can't we?

BOULGER: Yeah, I mean the principle of rate guard is very good because what they'll do is effectively allow you to cap the interest rate you pay while you're on a variable rate mortgage. So where it can be useful is somebody who's got a mortgage that they can't move away from - perhaps because they're on a very high loan to value for example, have got an early repayment charge. The problem with it is they only offer protection for 2 years, and my view is that the chances of interest rates going up very much in 2 years is sufficiently low to mean that it's an insurance premium not worth paying. I think if you want protection from rates going up, you need to take it for say 5 years, and it's only possible to buy that sort of protection for 5 years if you've got a mortgage of at least half a million. But bearing in mind the loan to value that Tim's got, even if he's being slightly optimistic with his house price probably less than 75%, he's going to have plenty of options to remortgage onto a cheaper deal. So I think what he needs to do is consider does he want another fixed rate or does he want a variable rate? If he wants another fixed rate, he can get a 5 year fix up to 75% loan to value at under 4%. Nationwide, as Simon mentioned earlier, are offering 3.89. That's only available to 70%. Yorkshire Building Society have got 3.99 to 75%. That would be much better value if he wants protection than staying on a variable rate and buying this rate guard, which only gives him cover for 2 years anyway.

DUGGLEBY: So if Tim came to you, Simon. And he says - and I quote - he says, 'I'm really not sure about these fixed rates. They seem a lot higher than base rate and most of them have high arrangement fees, so we are inclined towards a variable rate.' So you're going to have to talk him into a fix rather than a variable.

TYLER: Well I'm not going to talk to him, so I'm not going to be able to talk to him at all and tell him either method to move ahead. *(laughter)* But this is the dichotomy that everyone faces at every point in the cycle. If you want at the moment the cheapest possible repayments, you will go for something linked to base rate because the base rate is so low and margins are acceptable. But a fixed rate is a fixed rate for a reason and it's offering you insurance, and any insurance policy has a premium. The premium you pay will be the increase over today's rates. But if you get the payout in that the interest rates rise, you're going to very much appreciate paying a little bit more at the beginning. So it's a problem everyone has. We tend to take a lot of people down the fixed rate route for all those right reasons of security.

DUGGLEBY: Okay Rajesh in South Wales, your call.

RAJESH: Hi. Yes my situation is that I'm separating with my other half and as such I've got £100,000 deposit and looking at having a mortgage for £80,000. I'm in shared care with my children, so my attitude to risk is getting more conservative. So effectively I want to get a mortgage for £80,000 with a deposit of £100,000. I just want to know what the panel would recommend in terms of the type of mortgage I should get based on a comparatively conservative nature to my attitude to risk at the moment.

DUGGLEBY: Could I check first, Rajesh. You say you're separated. Is this a relationship which is likely to end in divorce or what is the position?

RAJESH: That's correct, yes. We're going through divorce proceedings at the moment. Our sale is looking at August - August 25th/6th is going to be the sale.

DUGGLEBY: Right. I mean just from a practical point of view, Ray, obviously the courts will decide on the housing arrangements for the parties. Is that an onerous problem?

BOULGER: Well I think the key thing here is going to be whether you have to make maintenance payments, Rajesh. If you are making maintenance payments to your ex-partner if she is going to be looking after the children, then lenders will take into account the level of the maintenance payments before deciding on how much they're prepared to lend you. But assuming that's not a problem and you are deemed to be able to afford a mortgage of £80,000, then the sort of points Simon was making in answer to the question are exactly relevant here. If your attitude to risk is that you don't want to take too much risk, then I would say go for a 5 year fixed rate. If you are prepared to take some risk, then you could get a lifetime tracker mortgage that starts off being 1.5% cheaper. If you can afford that and you can afford rates to go up, then that's worth considering, but based on what you said about your attitude to risk, I suspect a 5 year fixed rate would suit you better.

DUGGLEBY: Simon?

RAJESH: My secondary question to that would be getting insurance cover, redundancy or accident. A) what sort of amounts would it be for an £80,000 mortgage? And I suppose, B) do you have to go to the mortgage provider or can you get that brokered elsewhere and perhaps get a more competitive rate?

DUGGLEBY: Simon?

TYLER: Well you can get that from your lender, you can get that from the broker if you've got one involved, you can get that independently from any number of insurance providers. Of course there's a lot of news about that type of insurance at the moment in the press. You need to be very careful you're buying the right sort of product that will actually pay out. If you're self-employed, for instance, you need to make sure that you would be covered correctly. But in terms of costs, I would suspect the sort of mortgage you're talking about, we'd be talking about something around the £15 to £20 a month mark would cover your mortgage and some ancillary costs that they'd expect to cover for you to keep you in your home for 12 months or so in the event of such a circumstance.

DUGGLEBY: Okay Rajesh, thank you for that call. An email about the First Buy Scheme, panel. Now David in London went on a website which was marked First Buy and he was asked for various fees to sign up, and he says he's a bit puzzled by this and he thought it was all sort of a government scheme and it didn't have fees and things. Now we've checked it out and I think there is some confusion because you don't go to put 'first buy' in the search. You actually put 'home buy' in to get it, otherwise you get a lot of people who are offering a service, Ray.

BOULGER: Yeah, this is always a problem with the web. There's lots of people out to rip you off by charging fees for things that you don't have to pay for. It doesn't just apply to mortgages. The way the First Buy Scheme works is that you need a 5% deposit. It is only available from certain developers, and in some cases only on certain of their developments. The government and the developer between them will give you a loan of 20% and they will take a second charge on your property. So the way it works is that you get a 75% loan to value mortgage from one of the main lenders like Halifax or Nationwide - not every lender does this. You get this 20% second charge and when you sell the property or when you remortgage, the developer and the government take 20% of the sale proceeds. So if the property goes up in value, in exchange for not paying any interest for the first 5 years - although you do after 5 years - you actually give up a share of any capital gain. So that's essentially how it works. But it is only available on new build properties and so if you are interested the first thing to do is to actually find a property you want to buy. And if you're not interested in buying a new build property, then it won't work for you.

DUGGLEBY: Indeed. But the most important thing is you want to find the government's official website. It's www.direct.gov.uk. That will then get you through to the basic rules, which Ray has described. Simon?

TYLER: Well the main confusion here is that a new broom has swept clean and the new administration, the new government that's been around now for 15 months have relaunched this product as First Buy and it's essentially the same product that the previous administration had put out as Home Buy Direct. So it's very closely modelled on that. It's the same amount of money. We're talking about something approaching 10,000 people being helped over the next 2 years - which sounds like a lot of people, but if you look at even this massively reduced transaction market of 650,000 properties being sold this year, it's not a huge amount. But there is the confusion over the name, which is certainly not helping anybody.

BOULGER: And the maximum property value available under the scheme is £300,000.

DUGGLEBY: Right. Okay Charanjeet in Cornwall, your call.

CHARANJEET: Oh hello. My question is about a self-certified mortgage really. Me and my wife, we own a restaurant, and my wife works at the same time in an employment where she earns about £17,000 a year. My net profits for last year was £4,600 and from business I had drawings for £13,000, which I thought was my income. And on the basis of combining income from me and my wife at about £33,000, we made an offer to a property. But now when we went to the lenders, they said that drawings are not a part of income and you cannot borrow against them. So effectively we only have £4,500 of income on which we could borrow. And I just want to ask the panel is there any way possible we can arrange a mortgage or are there any products available for self-employed people like self-certified mortgages anymore or not?

DUGGLEBY: Well there's certainly mortgages available for people who are self-employed. But as to the details - Ray, can you pick the bones out of that one?

BOULGER: Sure. Well self-certified mortgages definitely are not available. But is your business run as a limited company or as a sole trader?

CHARANJEET: It's a sole trader. Partnership with me and my wife.

BOULGER: Fine, okay. Well it sounds to me as if you've talked to a lender who frankly shouldn't be in the mortgage lending business because they clearly don't know what they're doing. What I strongly recommend you do is go and see a mortgage broker because different lenders have very different attitudes to self-employed people. What they will certainly want to see is your accounts or at least a certificate from your accountant covering the last 3 years. Some lenders are happy with 2 years. But how they determine your profits, which would include your drawings, will depend on the lender. Some, for example, will take the average of the last 3 years. Others will take the lowest period. So I strongly recommend you go and see a good independent mortgage broker who will be able to sort out the wheat from the chaff.

CHARANJEET: Okay.

DUGGLEBY: Okay, thanks for that call. And an email now from Helen in Wallingford. And she's got quite a lot of equity in her house - £220,000 - and she wants to raise some money to pay school fees. And she says is it a good idea to simply get another mortgage or extend the mortgage with the existing lender? There's 12 years apparently to run? What would the panel suggest is the best method of doing this? Simon?

TYLER: Well a lot of people are starting to deal with this problem - particularly grandparents or the older generation now beginning to try and put cash into the younger generation's hands for school fees in particular in certain parts of the country. And the way to deal with that could be to remortgage. There's a lot of equity in her property, a lot of equity in other people's property. If you remortgage, assuming you have the correct income and you use today's offset mortgages where you can take a significant amount of money and then pay almost all of it back into an offset account and then draw down the money, you can draw down the money as you need it for the school fees and pay interest as you need it as it comes along. And that would certainly give a more flexible approach to paying the school fees than any other way. Effectively it's giving you your own overdraft pre-agreed at very low interest rates.

DUGGLEBY: I mean essentially, Ray, she's got an £80,000 mortgage and she's got roughly, she says, £220,000 available. So are we saying what she should do say is to increase the mortgage by £100,000, but not necessarily draw it down straightaway? Is that the technique?

BOULGER: Absolutely. I think Simon's suggestion of an offset is almost certainly going to be the best solution here. The only caveat I'd have on that is if she currently has a mortgage with a lender on a very low rate. If, for example, her mortgage is with the Woolwich, she will revert to a lifetime tracker …

DUGGLEBY: *(over)* Well I can tell you what it is. It's a Nationwide 2.5%.

BOULGER: Okay, so she's paying quite a low rate at the moment. But because she's got plenty of equity in the property, she'll be able to remortgage onto an offset deal at a similar sort of rate. And the beauty of it is she can agree upfront with the lender the total amount she may want, but draw it down as she wants it. So she knows she's got the funds there and she only pays interest when she needs it with an offset. So I think that's definitely the right solution for her.

DUGGLEBY: So you could just add 100 but you wouldn't need to necessarily use more than sort of 20 or 30 at a time?

BOULGER: Yes, the key thing would be when remortgaging not to go to a loan to value that crosses her over one of the thresholds for higher rates. So probably remortgage up to 70% loan to value, put all the cash she doesn't need into the linked savings or current account, and then just draw the money down as she needs it.

DUGGLEBY: Okay, one more call from Sian in Nottingham. Your call, Sian.

SIAN: Oh hello. I've currently got a mortgage that is £202,000, paying interest only. It's a fixed mortgage which ends next July, 2012, and it's about just over 5%. So what I'm looking for is advice. Should I go ahead and pay a redemption fee, which would cost around £2,000, or do I take the chance and kind of wait until next July? I'm looking for a cheaper mortgage.

DUGGLEBY: Okay panel, not too much time for that. But basically it's a gamble with interest rates, isn't it? But paying an early redemption fee doesn't seem a particularly good idea.

BOULGER: No, although the early redemption fee at only 1% is very low. What's your loan to value, Sian?

SIAN: Sorry, the loan to value?

BOULGER: How much is the property worth?

SIAN: Oh it's on a sort of rough guess around £300,000.

BOUGLER: Okay, I mean one problem you will have if you remortgage with some lenders is they've got much tougher on interest only, so they're going to be much more intrusive in terms of allowing you to do interest only. But that does vary from lender to lender.

SIAN: Right.

BOULGER: If you're going to pay a 1% early repayment charge, effectively that means you need to get a rate cheaper than 4% to make it worthwhile. Which you can do, so I'd definitely say it's worth considering. I'd recommend you go and get some good independent advice, but definitely worth considering.

DUGGLEBY: Any particular lenders spring to mind, Simon?

TYLER: I think we're back to Nationwide again. They are the offer of the moment for 5 years.

SIAN: Okay.

DUGGLEBY: Okay, well we've just about run out of time. We've had plenty of calls from people asking us what we think interest rates are going to do. I mean I ventured at the start of the programme that it would be at least a year before rates went up. What do you think, Ray?

BOULGER: I think the question now is not will the first rise in bank rate be this year, but will it be next year? But certainly when rates go up, it's going to be very slowly; and the more the euro project becomes a problem, the more risk there is that rates will have to stay low for longer while the euro sorts out its issues.

DUGGLEBY: Okay, Ray thanks very much. Ray Boulger from John Charcol and Simon Tyler from Tyler Mortgage Management. Our website, bbc.co.uk/moneybox, has more information about the programme. You can listen again, download a podcast, and email us with your comments and ideas. Paul Lewis will be here with Money Box at noon on Saturday and he'll also be taking your calls on next Wednesday's Money Box Live.