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MONEY BOX LIVE

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DUGGLEBY: And time for us to have another look at the housing market, and in particular the cost of borrowing if you're looking for a new home or coming up to the end of a fixed term mortgage in the next few months. What if anything's changed since the election? How will the Conservatives and Liberal Democrats reconcile their differences over matters such as stamp duty and investment in second homes and buy-to-let properties? As always, interest rates are the key to most people's decision on affordability; and, let's face it, in many parts of the country, especially in London, prices have gone up far more than the experts forecast. The level of lending is also rising, albeit slowly, and it seems that at long last loans to value of 85% or even 90% are becoming available. As I've remarked many times on this programme, a shortage of new homes, rock bottom interest rates and another dose of inflation all serve to reinforce the unshakeable British belief in property as the number one long-term investment. Clearly base rate at half of 1% is not feasible in the longer term, even if you believe that inflation will return to its target level of 2%. But is it better to take out a fixed rate loan now? And if so, for how long? And even if the headline rate looks tempting, you need to factor in the deposit, the arrangement fees and other charges, plus possible penalties for early redemption. Some borrowers seeking to remortgage may find it better to revert to the standard variable rate, which itself can vary widely between individual lenders. Your questions are welcome on 03700 100 444. And here to provide the answers: David Hollingworth, Head of Communication at mortgage brokers London and Country; Ray Boulger, Senior Technical Manager at brokers John Charcol; and Louise Cuming who runs her own mortgage consultancy:

Cumming Associates. But first panel, Home Information Packs. I was doing some calls this morning because, as you know, both parties are committed to abolishing Home Information Packs, but the question is *when* because the National Association of Estate Agents told me that the market has “stalled”, to use their words, because people are coming in and saying, “Well we don’t need them.” Ray?

BOULGER: Well the government really needs to get its act together on this. They’ve had plenty of time to think about it. The Conservatives have reiterated several times they’ll abolish HIPs. And there is a provision in the 2004 Housing Act that does allow HIPs to be suspended. So whilst the government might want to introduce legislation to dispense with them permanently, I can’t see any reason why they couldn’t invoke that provision to suspend them straightaway because I’m not surprised to hear you say that people are holding off putting their property on the market.

DUGGLEBY: Well they’re going into the estate agent and essentially when being told that the agent, David, cannot put it on the market - which is correct because you do have to have HIP in place; it’s not a question of waiting until the property has got an offer on it.

HOLLINGWORTH: To market a property you need a HIP and that’s going to cost you money - you know £300 to 500, something like that. So quite understandably people are thinking, especially in what is not exactly a flying market, they may hold on a little while.

DUGGLEBY: Well I was told by a ministry spokesman that they’re looking at it obviously. And I said well the National Association of Estate Agents is more or less saying well stop looking and do something because if you haven’t made up your mind in the next perhaps three or four days, we’re going to be faced with a longer and longer queue of people who are just not prepared to take action. Louise?

CUMING: I think absolutely, to agree with Ray, they’ve had so much time to think about it, it’s quite astonishing that they come to power and now are still considering the options.

DUGGLEBY: It was on one of their list of pledges last week, wasn't it?

BOULGER: Yeah, I mean Grant Shapps, Housing Minister, has said that there's going to be a hundred day consultation period.

DUGGLEBY: A hundred days?

BOULGER: Now what's the point in having a consultation period for something you've already decided on? You consult on things you want advice, you know you want to take information from the public. This is not like that, so I can't see any point in having a consultation. The government really does need to get its act together.

DUGGLEBY: And preferably I think by the weekend.

CUMING: Sooner rather than later.

DUGGLEBY: Yes, sooner rather than later.

HOLLINGWORTH: Another chapter in a rather terrible and disastrous history really.

DUGGLEBY: Well HIPs does have a long history - but obviously from many people's point of view, the sooner the back of them, the better. I should actually qualify that by saying we've had a couple of contacts from HIP providers saying well that's all very well, but you know it is our livelihood.

BOULGER: But when they decided to go into the HIP business, they knew full well that a Tory government was going to abolish them. So they went into it with their eyes open, or they should have done. It is perhaps also worth mentioning that the EPC, the Energy Performance Certificate …

DUGGLEBY: *(over)* The Energy Performance Certificate would stay.

BOULGER: … will have to stay because that's an EU directive. However, the EU simply requires there to be one EPC every 10 years, so there's actually no need for there to be an EPC every time a property is sold.

DUGGLEBY: So clarification please soonest. And now to the calls. Kate in Surrey, your call.

KATE: Hello, hi. Yeah, I was wondering if you could give me some idea of what to do next. I've got a situation where I'm paid normally on a monthly basis into a UK bank account. My boyfriend who we're going to buy the house with is paid into a European bank account because he works for a European company. And because of that, I haven't found any high street lender that will lend us a mortgage. So I've found a independent financial adviser who suggested one place that *will* do it and I just wanted to find out if that was really the best possible deal that we're getting because it just seems quite high.

DUGGLEBY: Okay, checking up on the competition gentlemen and lady. David?

HOLLINGWORTH: So he lives and works in the UK, Kate?

KATE: Sorry?

HOLLINGWORTH: Your boyfriend does live and work in the UK?

KATE: No, no, he doesn't. He works …

DUGGLEBY: He's in Europe, she's in the UK.

HOLLINGWORTH: Okay. So I think you will find some of the larger lenders may, particularly if he's expecting to come back.

KATE: Yeah.

HOLLINGWORTH: So if it is a company that has operations in the UK, then that may be looked on favourably. And some lenders do have international operations that can lend on UK property, like Lloyds who may be another outlet to consider and see if they can look on it more favourably, but I think some lenders will take a dim view of that.

DUGGLEBY: But are you likely to have to pay a higher rate, Ray?

BOULGER: Well not necessarily. The key thing is to find a lender who's happy to take that sort of income; and once you've done that, they won't charge a higher rate. A couple of other points to take account of, Kate. Does your boyfriend have to pay for any accommodation overseas?

KATE: Only bed and breakfast, like a hotel type thing.

BOULGER: Ah, okay, because if he had a rent overseas, a lender would take that into account. The other point that's worth mentioning is that, as we all know, the euro's been quite weak recently and probably is going to continue to fall. So there might be some merit if he works for an international company in him asking his employer whether they're prepared to actually convert his pay to sterling and get paid in sterling, which would …

KATE: Yeah we've asked that. They won't.

BOULGER: They won't play ball. Okay, it's always worth a try.

KATE: Yeah.

DUGGLEBY: It sounds like … Would this sort of qualify as being 'specialist lending' when you've got the different incomes from different currencies?

BOULGER: I think you could class it specialist in so far as not many people will do it.

DUGGLEBY: *(over)* So you're not going to walk off the high street and go into a typical building society and say "Give me terms" because they're likely to say, "No we don't do that" or …?

BOULGER: It's a question of the right one to go to.

CUMING: And I think, Kate, you've done exactly the right thing to go and see a mortgage specialist because they will be able to look at the market for you. Does your boyfriend have his salary paid into a bank that has a presence in the UK because that will help as well?

KATE: Well yeah we chose a bank because we thought that would probably help. We chose it to be paid into ING.

CUMING: Right.

DUGGLEBY: ING, yeah. Okay well, as I say, we wish you luck with this one, but it's not possible without obviously doing much more of a fact find to give you the sort of detailed terms you might get on it.

KATE: Okay. Would you be able to answer then if you think the rate that I've been offered is …

DUGGLEBY: Well yeah, you tell us.

KATE: We've been offered, with a 15% deposit, 5.99%.

DUGGLEBY: Okay. Ray's just sort of umming and …

BOULGER: *(over)* Yes, I mean with a 15% deposit you're going to have to pay a relatively high rate anyway. There are certainly cheaper rates than that on the market, so I would definitely shop around a bit more because I think it may be possible to beat that. Oddly enough, the larger the mortgage, the more easy this is, because some of the larger lenders will actually be much more likely to take account of overseas income.

KATE: Yeah, because we're first time buyers we're trying to maybe keep it under the 250 mark because of the stamp duty.

BOULGER: Sure.

KATE: Okay. Alright thank you very much.

DUGGLEBY: Thanks for the call. Bringing in John now, an email from Leeds. And he says, 'I'm currently saving for the deposit on my first house and I'm not sure at what point it makes sense to stop saving and take the plunge. Obviously the more I put into the deposit, I know the less I'll have to pay off.' So would it, Louise, make sense to save for say an extra year, 'which would mean I could knock £10,000 off my mortgage, or should I just simply get on and do it?'

CUMING: This is where borrowers have to be mathematical geniuses because it is all about measuring what you pay for the rate against what size of deposit you have. And obviously the other thing to take into consideration is house prices, and my feeling is that house prices will go up over the next 12 months. And there is also if you see a property now that you really like, it might not be around in 12 months.

DUGGLEBY: I mean financially I suspect that you'd lose as much as you'd gain, wouldn't you Ray?

BOULGER: Yeah. And I think the most important thing here is actually trying to take a view on the property market. And I agree with Louise - I think prices will keep going up over the next 12 months or so. I'm a bit concerned about what happens next year when we do start to get rid of the public spending cutbacks, but certainly for the next 6 months or so I think we're going to see prices going up. And if prices go up by 5% or 6%, then actually any extra costs of your mortgage are relatively immaterial compared with having saved that. So I'd say that's the most important factor.

DUGGLEBY: Buy now? Buy later, David?

HOLLINGWORTH: Well again you've got to take a view. You've not just got to look at the maths of it; you've got to be a speculator as well. I think all those points are very valid. The key with the LTV position, the loan to value, is looking at whether you can creep under usually 5% differentials. And that can make a big difference in the number of rates you have on offer, and that in turn will make a big difference in the competitive nature of those rates.

DUGGLEBY: Okay. Now Michael in Plymouth, your call?

MICHAEL: Myself and my wife currently have a self certification mortgage on a fixed rate, which is just coming to an end.

DUGGLEBY: What rate is that? How much?

MICHAEL: 2.49%.

CUMING: Good rate!

MICHAEL: Yes. We're wondering whether or not we should go onto a standard variable rate because we've been looking at other fixed rates but none of them seem to take self cert anymore.

DUGGLEBY: Okay, self cert difficult now, is it, Ray?

BOULGER: Michael, which lender are you with?

MICHAEL: Oakwood Home Loans.

BOULGER: Oakwood? Right, well your revert to rate is probably going to be relatively high, I would suspect in that case. Obviously a key factor as to whether you go onto the standard variable rate is what that revert to rate is. Nobody is doing self cert mortgages at the moment, so if you do still need to self certify and you can't prove your income, then actually you're going to have very little choice. You're going to have to stay with the existing lender. If you did self cert because it was convenient but you could prove your income, then you're going to have some other options. So really we need more information before we can give you more specific advice.

MICHAEL: Okay.

HOLLINGWORTH: Yeah, if you can evidence your income - and you've had a fixed rate, so perhaps you've had more opportunity to build up a track record there - then you can actually go to the mainstream lenders and say, "Well, look, this is my income. This is how it's made up and here's the evidence to back it up." And actually you can get a loan from a mainstream lender even if you are self-employed. Sometimes that's a misunderstanding that people have. So that's worth looking at. But, yes, the self cert market, I'm afraid, is desolate at the moment.

DUGGLEBY: Indeed. We've had quite a lot of calls on self cert. Rachel, you're another self certifier, I think, in Brighton?

RACHEL: Yes, that's right. I'm a self-employed barrister who's just recently qualified and I was really ringing for the panel's advice on how to go about getting a mortgage in that circumstance because I've only got a receipt of earnings for about 9 months.

DUGGLEBY: And of course I don't know what your general prospects are, but are your prospects looking bright in the immediate future?

RACHEL: *(laughs)* Yes, well I hope so. So, yes, I mean the earnings are good and we're busy, so that is good. But I've just heard that it's very difficult now to get any certainly high street lenders to understand the profession, to know how to go about it. And I really wondered if there was any guidance on how large as well the deposit would have to be because I've heard sort of talk of about a third almost that I would need to save up before getting a mortgage.

DUGGLEBY: Well certainly … I mean there are certainly good terms available for 65%, but again I suspect it's for probably very blue chip borrowers, Ray?

BOULGER: Well certainly the bigger the deposit you can save, the more your options will be, Rachel. What we always used to do (even when self cert mortgages were available) with barristers was to get details from your clerk as to what your actual gross income had been over the previous period. And some lenders will actually take account of that. Now for somebody like yourself who's only been qualified for 9 months, we would expect your income to go up rapidly and a lender would as well. So taking your last 9 months income and annualising it would be a good starting point. So I'd definitely suggest you talk to a good independent adviser because there may well be ways round.

DUGGLEBY: Okay, Louise?

CUMING: Yes, I think you're really looking for lenders who aren't your mainstream where their underwriters will look at individual circumstances. And your individual circumstances are very strong given your profession. So I think a good mortgage broker, together with a lender that understands the market, will get you a deal. But as Ray said, the bigger your deposit, the better chance and the better rate.

DUGGLEBY: David, perhaps you could answer this one from John Ball in Lingfield. He says, 'My daughter is considering a fast track mortgage, which appears to require little supporting information or documentation'. Is this different from a self certification mortgage, asks John?

HOLLINGWORTH: It is different and it's not something you can guarantee. You can't make an application specifically for fast track. Now the idea is that you get speedier service and the lender will apply their fast tracking if they deem the application low enough risk. So low loan to value, extremely good credit score may still get you on a fast track. However it's not there as an alternative to self certification, and if you can't evidence your income then it isn't actually suitable. You've got to agree the loan based on what your actual income is.

DUGGLEBY: Okay.

BOULGER: Just to add to that, lenders do expect brokers to keep confirmation of the income on file even though they don't normally ask to see it. They will do some audit checks and sometimes they will come back after the mortgage is completed. So it's inappropriate for an individual applicant to say I want a fast track mortgage. They have to be prepared to prove their income.

DUGGLEBY: Okay. Paul, you're calling us from Manchester.

PAUL: Hello. It's a query with regard to the affordability of mortgages. Myself and me wife are on a fairly low combined income of just under £25,000 a year. What I'd like to know really is why aren't rental payments taken into consideration, especially when the rental cost exceeds the mortgage cost, when the lender is calculating your affordability to pay back the loan?

DUGGLEBY: This is mortgage affordability on buy-to-lets or on your own main home?

PAUL: It will be our first buy. It will be a first time buyer's mortgage.

DUGGLEBY: It'll be a first time buyer's mortgage for you to live in?

PAUL: Yes.

DUGGLEBY: Exactly. Okay, Louise?

CUMING: Paul, that is such a good question and it’s one that many people consider. But the difference is that when you’re renting a property, actually if you start to really struggle with being able to afford the rent you can walk away from the tenancy and go and live with parents, etcetera. Once you buy your mortgage then legally you have to not only pay for the mortgage, which is as you say the same as the rent, but you have all the responsibilities for the overheads of the property and it is a legal obligation. So if you did start to struggle, it’s not always that easy to sell your house and walk away from it and that’s the way lenders look at it. But I completely see your point.

PAUL: I totally understand that. It’s just if there’s a proof of regular faultless payments when it comes to the rental payment, surely that could be taken into consideration or it’s just another aspect that could be taken into consideration when it comes to the loan?

HOLLINGWORTH: I think a few years ago maybe it would have been helpful to support an application because I can understand your frustration. However you know in the last few years the market has constricted quite radically and lenders are now being much tougher on the criteria that they’ll employ and are actually looking for lower and lower risk. So, therefore, anything that falls out of the ordinary, they’re not really going to break a sweat to try and do that, I’m afraid.

BOULGER: Paul, have you just had one buy-to-let property or do you have a portfolio?

PAUL: Oh no, sorry, it’s not a buy-to-let. It’s simply a first house we want to buy on our own. It would be our property, not buy-to-let in any way, shape or form.

HOLLINGWORTH: You’re paying higher rental …

BOULGER: Ah, sorry …

CUMING: So you're saying that it costs you about £600 to rent. A mortgage is about £600, so what's the difference?

PAUL: Well no. The mortgage we are applying for will be £386.

CUMING: Right.

PAUL: We're currently paying £500 a month in rent, but we need to move to a larger property and that'll be nearer £600 when we do move.

BOULGER: As David says, lenders are much tougher these days. But some of the smaller building societies will take a more realistic view on this and the lenders who operate on a computer says no policy will be no good for you. But again if you haven't already done so, speak to a good independent mortgage adviser because you may find that somebody will take a view, particularly if you can prove you've been paying that sort of rent for some time.

DUGGLEBY: Now Lorraine in Chester has emailed us and I think she speaks for many, many listeners. She says, 'I'm due to finish my current fixed rate. Should I choose a lower tracker rate or a fixed rate for my next mortgage deal? Ideally I'm looking over the next 5 years. What does the panel advise?' And I can tell you that is pretty typical of an awful lot of … Essentially it's how long is a piece of string, but you can all have a go. Ray starting.

BOULGER: Well clearly some people like to have a fixed rate because they need that peace of mind and they want to know exactly what their payments are going to be. But if I'm answering the question on the basis of which do I think will be cheapest over the next 5 years, I would definitely go for a tracker. I think all the signs are that our economy is in such a mess that we're going to have to have low interest rates for quite some time. The government putting up taxes and cutting public expenditure has the same impact on the consumer as putting interest rates up, so the fact that's going to happen means there's less need for rates to go up. I was on a panel at the weekend with Roger Bootle - who you may well have heard of, a well-known economist - and his view, which I have a lot of respect for, was that bank rate would not go above 1% for the next 5 years. And even if that's a bit extreme, certainly I think interest rates are going to have to stay very low.

DUGGLEBY: So what sort of percentage over base rate are we looking at on a 5 year … well she's saying 5 year term?

BOULGER: Well I would definitely go for a lifetime tracker. You can get short-term trackers, but the interest rate is nearly as high as on a lifetime. So go for a lifetime deal. Most of them will only lock you into early repayment charges for 2 years. If the situation changes and it looks right to switch to a fixed rate, you can therefore fix. But rates start at round about bank rate plus 1.89% provided you've got a good 35% deposit. The less deposit you've got, the more you have to pay.

DUGGLEBY: Okay, David?

HOLLINGWORTH: Yeah you've got to take a view and get the crystal ball out, haven't you? I think every indication at the moment is that base rate will remain low and, therefore, all roads sort of head towards tracker land. However what you've got to do is look at your own budget and say well what's the downside, and if those forecasts prove to be wrong how well will you be able to cope with a rise?

DUGGLEBY: But bearing in mind the current percentage over base rate - I mean if we're talking about maybe 3, maybe 3.5% - then you can do the sums and say well if base rate does remain below 2% or thereabouts, it probably should be okay. Is that the way you do the sums?

HOLLINGWORTH: Yeah, I think you can basically stress test your budget and apply different scenarios and see how your monthly payments will look. If they look eminently affordable, then a tracker looks fine. If you get a bit worried by the prospect of rising base rate, then perhaps fixed rate still offers an option.

DUGGLEBY: Louise, tracking or fixing?

CUMING: It's very difficult to add much to these august gentlemen to my left. But I think Dave is absolutely right. Nobody's got a crystal ball. I'm not as brave as Ray to say I think rates are going to stay as low as they are for the next 5 years.

DUGGLEBY: But you're a tracker as well, are you?

CUMING: I would absolutely say that if rates go up 3% and you couldn't afford a 3% hike, fix.

HOLLINGWORTH: And on a fixed rate you've also got to look at how long you fix for. 2 year is quite sharply different and lower than a 5 year, but of course you've got to think about when you're coming out of that fix.

DUGGLEBY: Lorraine wants stability for 5 years and so you know I think we must respect her view. That's what she wants.

HOLLINGWORTH: You'd be looking at 4.5 or a bit better on a 5 year fix.

BOULGER: A good starting point is that you'll pay about 2% more for a 5 year fix than the starting rate on a tracker. So that gives you some sort of benchmark. Bank rate would have to average more than 2.5% over 5 years for the fixed rate to work out cheaper.

DUGGLEBY: Get your calculators get. Susie in Weston-super-Mare, your call?

SUSIE: Ah, thank you. I had an interesting letter offering me a £9,000 discount on my mortgage if I close the account by 6th August. And so everything's all up to date. It's a base rate tracker. I'm not in arrears or anything and I'm paying 2.6%. But obviously that made me deeply suspicious because it sort of made me think perhaps this is a wonderful rate and I should stay where I was.

DUGGLEBY: Let me get this right. Your lender is offering you money to get out?

SUSIE: Yes. My lender JP Morgan is offering me a £9,000 discount on the amount required to repay my mortgage with no early repayment charges (which I wouldn't have paid anyway or very minor ones) if I close the account by the …

DUGGLEBY: And took it to someone else?

SUSIE: Yes and took it to someone else.

DUGGLEBY: *(over)* Well let me just find out whether the panel … Presumably, panel, you're aware of this, are you?

CUMING: Yeah.

DUGGLEBY: Yes, they're all nodding. So comments, please.

BOULGER: What's the size of your mortgage, Susie?

SUSIE: £117,000.

BOULGER: Okay, so the 9k is quite a significant percentage.

SUSIE: Yes.

BOULGER: And what's the value of your property?

SUSIE: I haven't had it valued recently, but it's probably about £175,000, £180,000, so it's a good bit of equity in there.

BOULGER: Okay, well on the basis that it sounds like you could get away with a 65 or 70% LGV mortgage, you could switch to another lifetime tracker at a similar or slightly lower rate.

SUSIE: Right.

BOULGER: And providing you've got you know a good credit status, which you think you have …

SUSIE: I have at the moment. But in my more distant past I have been through bankruptcy, so I don't know whether that would …

BOULGER: Ah, well that might be a problem. But I mean what I'd suggest you do on the basis you have enough equity is apply to one of the lenders. Go and talk to a broker. Apply to a deal at … Well First Direct for example have got bank rate plus 1.89% for life.

SUSIE: Right.

BOULGER: You could apply to them as a starting point. If they agree to give you that, the costs of switching are relatively small and you may as well take the £9,000 and say thank you very much. If they decline you because of your bankruptcy, then you may well find that other lenders decline you as well and you won't get such a good rate.

SUSIE: Right.

DUGGLEBY: I've just picked up a call which came in from Anne. And she's got a daughter who's a discharged bankrupt and wants to get a mortgage, but the only people that would give her a mortgage offered her a rate of 8%. Is that the best she's likely to be able to do? David?

HOLLINGWORTH: Well the sub-prime market or the market for those who have had credit difficulties in the past has been another market that's been decimated in the last few years, along with self certification, and actually is pretty much non-existent these days. So you are going to be looking at anything that's even slightly outside the mainstream is going to be charging a premium. There's a few moves. Kensington are just showing a little bit of interest in returning to market, but again those will be for people who are very, very slightly outside very prime.

CUMING: I think sometimes when you're in those sort of circumstances getting a mortgage is more important than the rate.

DUGGLEBY: Okay, Brian, you're calling us from Crouch End.

BRIAN: That's right. Good afternoon. Just a bit of background. I've got a 15 year mortgage which I took out in 2002. I'm pretty much halfway through that now. It was for £135,000, an offset with Intelligent Finance. I've now got it down to about £67,000. It's a variable rate mortgage and I was wondering whether I should remortgage - working on the basis that I have more equity in the property, the value of the property has risen - and whether I might end up getting a better deal actually spending less on the repayments?

DUGGLEBY: It sounds to me, Brian, as though you're doing pretty well, but maybe Ray will disagree.

BOULGER: No, I agree with you Vincent. I presume if you're with Intelligent Finance, you're paying a rate of 2.5%, Brian? Is that right?

BRIAN: It's a variable rate mortgage and I imagine it's around that figure. I haven't actually checked.

BOULGER: Well that's their standard rate, so I guess that's what you're paying, and I think that is capped at 2% above bank rate. Now you're not going to get a rate that's significantly cheaper than that and certainly not with all the benefits you've got now.

So I would just use the spare cash you've got to pump it into your offset savings or current account, which obviously helps you to repay the mortgage quicker, but certainly I can see no point in remortgaging unless you decide you want a fixed rate.

DUGGLEBY: And the other two are nodding their agreement. I think you've got a definitive answer there, Brian.

BRIAN: I wonder whether I should actually just go ahead and pay ... I am having a life assurance policy which is maturing shortly and I was planning on paying off some of the lump sum there.

BOULGER: Brian, I would pay it into your linked current or savings account because that way you'll have access to it at the mortgage rate if you ever need it. If you pay it into the mortgage, you won't.

DUGGLEBY: Okay. And one final call. I think it's Joanna in Greater London. Joanna?

JOANNA: Hello, Joanna? Yeah, that's me.

CUMING: Hi Joanna.

DUGGLEBY: Your call, quick.

JOANNA: Very quickly two mortgages, buy-to-let, had them for approximately 10 years and come out of the tie-in period over about a year ago now. Always pay my mortgage on time, no problems at all with it, but finding it really difficult to get anything that's probably less than 5%. I don't understand what's happening.

DUGGLEBY: Okay panel, a comment on the buy-to-let market. Louise?

CUMING: It's the market. It's back to what we were saying. Lenders haven't got an awful lot of money - so buy-to-let is seen as riskier, so they charge accordingly. And you've just got caught up in that, Joanna, and I'm really sorry.

HOLLINGWORTH: Exactly. There's other things to look out for. Some of the fees are very heavy, so you can be paying up to 3.5% in arrangement fee to get the lower rates. But also you came off a fix I think a year ago, so it sounds like you've probably reverted onto a good rate there. Some of the big buy-to-let lenders were actually reverting to deals of less than 2% above base, so it's perhaps not all bad for existing landlords.

DUGGLEBY: So are matters generally improving a little bit for buy-to-let at the moment? Is the market easing a bit?

BOULGER: They are beginning to improve. A few more lenders are coming to the market. A lot of the buy-to-let market was financed from the wholesale money markets and that was what you know we lost after the Northern Rock debacle and the Lehman's debacle. So it is only slowly coming back and you won't find a rate cheaper than 5%, Joanna - not once you've taken account of all the fees.

DUGGLEBY: And a final quick word. An email saying that they've got very little in the way of deposit, like only about 5& or 6%. Is it now worth even applying, Ray, because they've heard one or two mortgages are becoming available?

BOULGER: *(over)* Well Skipton have just launched a mortgage at 95%. It's got a rate of 7.19%.

DUGGLEBY: It's expensive.

BOULGER: But at least it gives you an opportunity to apply.

DUGGLEBY: Okay, well thank you very much indeed panel. That's Ray Boulger from brokers John Charcol; David Hollingworth from London and Country; and

Louise Cuming from her own consultancy Cuming Associates. Paul Lewis will be here with Money Box at noon on Saturday, and I'll be back same time next week to take your calls on student finance and the cost of going to university. Even if you can't call us on the day, you can always let us know your concerns in advance by email or alert us to any stories which you think that Money Box should follow up. That's moneybox@bbc.co.uk. I'll be back next Wednesday.