

Lloyds Bank launches super low 10-year mortgage deal

LLOYD'S Bank, [Britain's](#) biggest high street lender, is launching an intriguing [mortgage](#) offer.

Its 10-year fixed [rate](#) deal is, it claims, the cheapest on [record](#). I personally would grab it if I could.

The 1.66% rate isn't available to just everyone, you have to have a 40% deposit and there's a £1000 fee. There is also an early repayment charge of 6% if you switch away in the first five years.

That's tough, but perhaps not unreasonable.

Is this the start of a trend?

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Traditionally, UK borrowers have been urged to avoid long-term fixes. In the US and elsewhere, 10, 20, even 30-year fixed deals are common.

Here, 2, 3 or 5-year fixes are more usual. The thinking has

been, why tie yourself into a long-term deal when cheaper mortgages might be available in a little while? Who knows what [interest rates](#) are going to be later on?

Perhaps that was sensible advice when Bank of England base rates were at 5%.

Since it is now at 0.25% and poised to go higher on Thursday and several times after that this year, it seems reasonable to assume that whatever rates are in 10-years, they will surely be higher than they are now.

Elliot Nathan at broker eddge says: "The is the lowest 10 year fix that has been released by a bank which may well start tempting borrowers to look at longer term fixes. Historically, the interest rates offered for 10-year fixed rates have been in excess of 2% + whilst 5 year fixes have been around 1.2% but now the gap has shortened, more borrows will look towards a 10 year fix."

How long will this Lloyds deal be available? It won't say, so there is at least a chance it will be withdrawn before long.

Lloyds says it can't "give a specific date or period" for how long it will market this offer.

There are other 10-year fixes out there. Leeds Building Society and Virgin Money also recently cut their prices on long-term home loans.

Why wouldn't you grab one of these deals?

Nathan adds: "It's always worth noting that the 10 year fix will lock you into that rate for the next 10 years so planning ahead as to how long you will be in your home or whether you may redeem the mortgage should always be taken into account."

The rates quoted are for new house purchases, if you want to re-mortgage an existing deal, well, that's pricier, for

reasons I don't really understand.

Lloyds says: "There's a mix of pricing – some of the rates for re-mortgage are lower than equivalent 'purchase' product. You'll see brands are more competitive than others in different segments, but in each case we review the pricing against the market."