

Virgin offers sub-4% five-year fix for new purchases

Virgin Money has become the first lender to offer a sub-4% mortgage for new purchases since Liz Truss and Kwasi Kwarteng's mini-budget sent rates skyrocketing.

While HSBC launched a five-year fix at 3.99% yesterday, that deal was only available to those who are remortgaging or switching rates. Virgin's offer will be the first sub-4% deal since September 2022.

However, like [HSBC's deal](#), Virgin's 3.95% rate will require a 40% deposit.

Lodestone Mortgages & Protection director Craig Fish said that while the deal wouldn't make sense for most buyers, it is an important milestone for the overall state of the mortgage market.

"Admittedly these products are still only available to those with a chunk of equity or cash, but it's all heading in the right direction," he said.

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Samuel Mather-Holgate, independent financial advisor at Mather and Murray Financial, noted that the move must mean banks expect interest rates to come down.

“It’s like the lenders know something the Bank of England doesn’t,” he said.

“Despite two-year fixes remaining high, lenders seem to be reducing rates all the time for five-year fixes. This is because they can foresee the rate slashes coming during that period and know they will still make a profit with a lower fixed rate. Maybe that means it’s time for a tracker?”

Clayhall Financial Services director David Conway noted that the housing market is still flat at the moment, but this may change “as buyers feel this confidence”.