Lenders cut mortgage rates as experts predict more reductions in coming weeks

A string of banks and building societies are likely to follow the UK's largest lender in cutting mortgage rates in the coming weeks, experts have said.

It comes after Halifax reduced its rates by up to 0.83% on Tuesday, including a two-year deal of 4.68% with a £999 fee.

Lloyds Banking Group, which owns Halifax, said its Club Lloyds division had also cut its rates by the same amount.

Meanwhile Leeds Building Society announced it had "decided to start strong in 2024" by reducing rates across its mortgage range by up to 0.49%.

Matt Bartle, the company's director of products, said: "In 2023 the mortgage market was constrained due to the ongoing pressure of the increasing cost of living, but as a lender we want to play our part to try to overcome the hurdles people face and help more people into homeownership."

The UK's average two-year fixed mortgage rate was 5.92% on Wednesday, down from 5.93% the day before, according to figures from Moneyfacts. It said the average five-year rate also dipped to 5.53%.

It comes amid expectations that the Bank of England will cut interest rates this year as inflation falls.

Several other lenders cut their rates just before Christmas, including Barclays which reduced its deals by up to 0.43%.

Nationwide said its mortgage rates were under "regular review," while Virgin Money told Sky News it "monitor[s] the market closely”.

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Aaron Strutt, product director at Trinity Financial, said: “The lenders will want to have the strongest possible start to the year.

“It seems highly likely that more banks and building societies will improve their rates over the coming weeks and fight it out to offer the cheapest deals.”

Simon Bridgland, director of mortgage broker Release Freedom, also told The Times that Halifax’s move could be the “start of a manic week” of rate cuts.

Mortgage rates have gradually eased in recent weeks and in December the average two-year deal dipped below 6% for the first time in nearly six months.