



Can you pay off your mortgage?

One of the most effective ways to save interest payments on your mortgage long-term is to pay it off early. Paying off the average 25-year loan can feel like a long haul with the capital borrowed barely eroded year after year. However, paying just a little bit more every month could save thousands of pounds in interest and even take some years off the term of your mortgage.

There are a few things to consider though. If you do not have a flexible mortgage, your lender may limit the amount you can repay without incurring charges. Or they may calculate interest annually – and if that's say, in December, an overpayment in March will not take effect for 9 months - and you may be better leaving it in a savings account for those 9 months instead. Alternatively, if your lender does not allow overpayments at all, you may be able to reduce the term – which will achieve the same result, as repayments will go up. Usually, however, this is a permanent change and may cost you fees, so make sure you are confident you can keep the higher payments going.

If none of these are possible, there are still two options. If you are happy with your mortgage and the rate is reasonable, or any discounts you were offered are still in place, put spare money in a savings account to build up a lump sum instead. Alternatively, if the rate is not so reasonable, you might consider a remortgage. Other lenders might offer better rates, more flexibility and some even help towards legal costs.

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