



# August 2025: This month in mortgages

Updates & insights from George Square Financial  
Management





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## News in brief

- 🏠 Nationwide cuts mortgage rates and adds sub-4% deals
- 🏠 Average mortgage rates fall with larger cuts to two-year fixes
- 🏠 Santander cuts residential and BTL mortgage rates
- 🏠 The FCA has confirmed a new package of measures for mortgage borrowers as part of a series of reforms the regulator is undertaking to mortgage rules.
- 🏠 Nationwide

Under these changes, borrowers will be able to more easily remortgage with a new lender, helping them access cheaper products.

The FCA will also make it easier for borrowers to reduce their mortgage term, helping to lower the total cost of borrowing and reduce the risk of repayment extending into retirement.





# Residential news

## Mortgage reforms

The Chancellor has announced mortgage reforms to help extra 36,000 first-time buyers.

In her Mansion House speech, Chancellor Rachel Reeves announced the Leeds Reforms to cut red tape in financial services.

She said that the availability of mortgages at over 4.5 times a buyer's income will create up to 36,000 more mortgages for first-time buyers in the first year of the changes.

Regulators recently announced that lenders would be allowed to provide more of these high loan-to-income (LTI) mortgages and not be restricted to this accounting for 15% of their residential lending each year.

Nationwide has already reacted by lowering the minimum income needed for its Helping Hand mortgage, which lends at six times income to first-time buyers. This is expected to help 10,000 more first-time buyers each year.

## Mortgage Guarantee Scheme

The government has confirmed the introduction of a new, permanent mortgage guarantee scheme available from July. In a guidance update, the government said it "recognises the difficulties that many aspiring homeowners face in getting on the housing ladder – in particular, the challenge of raising a sufficient deposit for a home".

It continued to say that the "consistent availability" of 95% loan-to-value (LTV) loans would "support prospective homebuyers with a small deposit".

The government said the new mortgage guarantee scheme will be permanently available from July 2025 and aims to "incentivise and sustain availability" of 91-95% LTV mortgages by offering participating lenders a government-backed guarantee that will insure them against potential losses.

Mortgages offered through the scheme will be offered to first-time buyers and home-movers.





# Buy to Let news

## Buy for Uni mortgages

As the academic year winds down and students are planning for next year's accommodation, the intermediary market has the opportunity to turn its attention to a less conventional but increasingly relevant niche in the buy-to-let (BTL) sector – Buy for Uni mortgages.

The ripple effects are clear:

- 36% of students have considered dropping out due to rent pressures
- 7% have experienced homelessness
- Nearly half (46%) say their accommodation doesn't represent good value
- 69% have had issues, with damp, disrepair and poor maintenance topping complaints

All of this is happening while students live, on average, 26 minutes from campus; hardly ideal when juggling studies, part-time work, and wellbeing. Against this backdrop, Buy for Uni mortgages can offer a viable housing alternative.

In a typical Buy for Uni scenario, a student purchases a property while at university and lets out spare rooms to housemates to cover mortgage repayments.

What makes this feasible is the structure: 100% loan-to-value (LTV) mortgages, backed by parental support in the form of

either a cash deposit or collateral charge. The student remains the legal owner and primary resident, meaning parents avoid second-home stamp duty, and if the property is under £300,000, the student is exempt from stamp duty altogether from April 2025. Benefits that are secondary, but important ones to consider.

## An option for mature students

And it's not just school leavers. Mature students, often pursuing a career change or retraining, are increasingly exploring this option, broadening the borrower profile. In many cases, the property doesn't just serve as accommodation during study but becomes the starting point for a longer-term investment strategy, particularly if the graduate remains in the area.

In a BTL market that is recalibrating rather than retreating, Buy for Uni represents a compelling growth area and engaging with a specialist lender who understands the nuances of this market is the ideal way to begin embedding these conversations into the advice process.





# Relevant life policy: explained

## What it is?

A relevant life insurance policy is a tax-efficient way for employers to provide life insurance to their employees, offering a lump sum payment to the employee's family in the event of death or terminal illness. It's often used by smaller businesses that may not qualify for group life schemes or by individuals looking to supplement existing coverage.

## Key features and benefits:

- **Tax efficiency:** Premiums are typically treated as a business expense, potentially reducing corporation tax.
- **Death in service benefit:** Pays a lump sum to the employee's family if the employee dies while employed.
- **Terminal Illness Cover:** Pays out if the employee is diagnosed with a terminal illness and has a life expectancy of less than 12 months.
- **Not a benefit in kind:** Premiums are not subject to income tax or National Insurance contributions.
- **Written in trust:** Benefits are paid directly to the employee's family, avoiding potential inheritance tax issues.

## Who is it for?

1. **Small businesses:** Suitable for companies that don't qualify for group life schemes or want to offer a more tailored benefit.
2. **Directors and key employees:** Can be used by company directors or high-earning employees to provide for their families in a tax-efficient way.
3. **Individuals with existing coverage:** Can be used to top up existing life insurance policies, particularly in group schemes where coverage might be limited.





# Landlord insurance

**We can recommend a local insurance brokers who specialises in this type of insurance. They run a landlord insurance policy called Property Protector. A summary of the policy, in their own words, is as follows:**

“

## Landlord Insurance

Investing in property is risky enough without the added anguish of personal liability and a volatile rental income. An insurance policy that just covers the property and not you leaves you vulnerable to costly claims and serious financial shortfall. How can you be certain you are not leaving yourself exposed to unnecessary risks? We have extensive experience in arranging insurance for landlords. Whether you have just one or several properties in your portfolio, we can arrange insurance that gives you valuable protection.

## Property Protector

Property Protector, our own bespoke Property Owners policy, is ideal for residential property let for all tenancy types including professionals, students, housing benefit referrals, asylum seekers, housing associations and holiday homes, protecting buildings, including during unoccupied periods (subject to policy conditions), landlord contents and loss of rent due to an insured event. We strive to keep Property Protector as a market-leading brand by the innovation of

new add-ons, such as our Tenants Helpline (Property Emergency Solutions) and Landlords Legal Expenses, which can be added for a small cost to all of our Residential products.

All our contracts provide very comprehensive cover, and we publish an easy-to-use comparison chart in order that we can recommend a product ideally suited to your requirements. We also offer selection of commercial property owners' contracts too, should you have such properties in your portfolio. Some of the significant benefits of our contracts include:

- Accidental Damage Cover
- Malicious Damage by Tenants
- Trace and Access cover
- £5m Property Owners Liability Cover
- Loss of Rent Cover included
- Emergency Access cover
- Replacement Locks cover
- Easy "Statement of Fact" Basis of Contract
- Cover for unoccupied properties

They also can source cover for the difficult to place properties such as, subsidence, flood risk, non-standard construction to name a few.

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## Mortgage tip of the month 🏠

Divide your monthly mortgage payment by 12 and overpay that amount every 2 weeks.

On a £300,000 mortgage over 30 years, you'd save around **£73,665 in interest** and pay off your loan 5 years and 5 months early.



### Get in touch

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