



# pure mortgage

AUTUMN 2025 ROUNDUP

## News from us at Pure Mortgage HQ

- We've felt the anticipation of the Autumn Statement and how it'll impact daily life. This sparked several enquiries in the lead up about Inheritance Tax planning (see overleaf).
- We attended seminars on the Renters' Rights Act which became law on 27.10.25 to continue servicing our landlord clients with the most up-to-date information.
- We've helped **3** clients in the last quarter whose mortgage term on their interest-only mortgages had expired. Each had been threatened with repossession, with court dates set and were very worried they'd lose their homes. We were

able to complete a lifetime remortgage for each of these clients, enabling them to repay their existing mortgages, avoid repossession and allow them to stay in their homes.

**Spotted in Hove - James fully supporting mince pie season!**



## Economy Update

Following the Autumn Budget a fleet of UK and US banks have announced a fresh pump of capital in the UK economy, with this reflected in banking stocks rising immediately post the budget.

The Bank's Monetary Policy Committee (MPC) is widely expected to push through a quarter point reduction in rates when it meets on 18th December. Since 2020 the bank rate has been cut five times falling from 5.25% in August 2024 to the current 4%.

The Official OBR Forecast (independent, but government commissioned), expects continued economic growth, albeit slowly, with inflation returning to the 2% target by 2027.

## Property Market Predictions

Confirmation that there will be no new annual tax on properties valued above £500k should strengthen buyer interest heading into 2026, particularly across our region where a significant share of homes fall above this level. This means sellers will not need to adjust asking prices to absorb the hotly anticipated annual charge, preserving affordability for purchasers.

This, combined with the existing stamp duty system remaining intact, should offer the market a steady footing in the months ahead.



## MORTGAGE NEWS

### Residential Market

Easier access to mortgages and rising incomes are helping more people become first-time buyers.

House price growth is widely expected to remain modest.

It's expected that later life lending will continue on its current upward trajectory (in both the residential and buy-to-let markets) in light of the Chancellor's recent 'mansion tax'. This tax will hit older homeowners who are asset-rich but cash-poor with significant outgoings. For many older people, releasing funds from their home will be the best way to enjoy a supported retirement without moving.

### Buy-to-let Market

With mortgage rates stabilising and yields improving, more landlords are choosing to invest again. As a result, the number of homes for rent has expanded by almost a fifth, meaning that rental market conditions are the weakest for 5 years (Zoopla, Sept 2025).

Following the Autumn Budget, landlords will pay higher rates of income tax for property income from April 2027. The basic, higher and additional rates of income tax for property income will each increase by 2%, taking them to 22%, 42% and 47% respectively.

With this said, however, rents continue to rise and are 25% up over the last 5 years.



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## Using Your Home to Plan Smarter for Inheritance Tax

For many homeowners, the recent budget measures which extend the freeze on tax thresholds will drag greater numbers into paying Income Tax on their pension payments, while expected house price growth may push their estates into the arena of Inheritance Tax payments. Add to this the introduction of the new Council Tax surcharge on high-value properties, and it's inevitable there will be concern amongst older homeowners about how best to handle increased outgoings on tax. A lifetime mortgage - one of the most common equity-release products - can be a useful tool in reducing a future IHT bill while **unlocking tax-free funds in the present.**

A lifetime mortgage allows homeowners aged 55+ to release equity from their home without making mandatory monthly repayments. Instead, interest typically rolls up and is repaid, along with the loan, when the property is eventually sold. **Because this borrowing creates a debt on the estate, it reduces the value of the estate for IHT purposes.**

Many families use the released funds for lifetime gifting, for example, helping children with a house deposit or passing on part of an inheritance early. Provided they survive seven years from the date of the gift, **the amount given should fall outside their taxable estate under current IHT rules.** Even in the short term, using equity release to make gifts can move assets into the hands of beneficiaries sooner, potentially at a lower tax cost.

Lifetime mortgages are not solely an IHT strategy; they offer flexibility, interest roll-up, impact on benefits, costs, and future housing plans must all be weighed carefully. Independent financial advice is essential, and products should be chosen from lenders that follow Equity Release Council standards.

Used appropriately, a lifetime mortgage can be a practical way to reduce IHT exposure while improving financial flexibility in later life.

*Equity release, including lifetime mortgages, is a complex financial product and may affect your entitlement to means-tested benefits, your tax position and the value of your estate. A lifetime mortgage is secured against your home. You should consider all options and seek personalised advice from a qualified, FCA-authorized financial adviser before making any decisions. We are expert in offering this guidance and are proud members of the Equity Release Council.*



**Want to know more?**  
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