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Financial Services
Authority

What are the fees and costs?

Buying a house is an expensive project, but the costs involved in getting a mortgage need not be.

All the mortgage-related fees you'll have to pay will be set out clearly in the key facts illustration (KFI) that the lender or mortgage broker gives you. They must give you a KFI before you pay any mortgage-related fees. See *Step 6 Get the 'keyfacts' about the mortgage.*

But this won't include other costs such as stamp duty land tax or your conveyancing fees, so use the table overleaf to see what else you might have to pay.

Adding fees to the mortgage

Often you can add certain fees charged by the broker and lender to the mortgage. This can help with the initial cost of the mortgage but will cost you more in the long run as you will pay interest on the fees. If you want to do this, ask your lender or broker to give you a KFI on this basis; or if they have already done that, ask for one where the fees are not added. Compare the costs in Section 5 and 6 of the KFI before making a final decision.

Incentives

Lenders sometimes offer incentives which reduce the cost to you of taking out the mortgage. These can range from a free valuation or payment of legal fees, to a small or large cashback. If you want to pay off your mortgage early, you may have to pay back the value of these. Check Section 10 of the KFI for this. Always compare the costs of mortgages with these incentives to those without. Often those without will be cheaper in the long run.

Summary of costs

Look at the table of costs overleaf and then use the table below to summarise what you'll have to pay, so you'll have an idea how much you need to budget for.

Selling your home?	
Estate agent's fee	£
Repaying a mortgage?	
Fees to repay your mortgage	£
Early-repayment charges	£
Buying a new home?	
Stamp duty land tax	£
Survey fee	£
Fees for new mortgage	
Solicitors' and other legal fees	£
Booking fee, arrangement fee or administration fee	£
Valuation fee	£
Higher lending charge	£
Broker fee	£
Other mortgage-related fees	£
Other fees (for example removal costs)	£
Total costs	£
Add on the amount of your deposit	£
Total amount needed	£

Shop around

Use KFIs to compare the fees you will have to pay to take out a particular mortgage. Make sure you balance the cost of any fees with the cost of the mortgage as a whole. You may end up paying more fees upfront but less in the long run or vice versa. Look for a good overall deal that suits your circumstances.

What fees you might have to pay

All mortgage-related fees will be set out in Section 8 of the KFI (see *Step 6*).

They may include any of the following:

Fee or charge	What for?	How much?
Mortgage broker fee	For arranging the mortgage or providing you with advice.	Depends on the broker; they might get commission from the lender but some charge a fee, say for advice.
Mortgage booking fee or mortgage arrangement fee	A commitment or administration fee usually payable to the lender to reserve the mortgage funds.	Varies but typically £100-500.
Valuation fee	To assess that the property is appropriate security for the mortgage.	Depends on the lender and the value of property.
Higher lending charge	To get insurance cover in case you don't pay the mortgage, and they repossess your home and have to sell it at a loss.	Depends on how much you borrow and the size of your deposit.
Fee to insure your property	If you do not insure your property through the lender.	Typically £25 but may be payable yearly or each time you change insurer.
Telegraphic transfer	For your solicitor if you've arranged to transfer the mortgage funds electronically the same day.	Typically £40-£50.
Re-inspection fee	If the lender needs to re-inspect the property after the original valuation, usually to check if you've made agreed repairs.	Typically £50-100.
Early repayment charge	If you repay your mortgage early.	Depends on the terms and conditions of your mortgage and the size of your loan.
Fees to repay the mortgage	For your lender whenever you repay your mortgage.	Typically £75-200 – as well as any early-repayment charge.

Other fees you may have to pay – not in the KFI:

Fee or charge	What for?	How much?
Estate agency fee	Marketing and selling your home.	Typically 1-3% of the selling price; ask for a quote.
Stamp duty land tax	Tax payable to the government when buying.	Varies depending on purchase price.
Legal fees	For the solicitor for searches, land registry etc.	Budget for at least £400 – ask for a quote.
Survey fee	To the surveyor if you want a more detailed report on the property.	Varies according to the surveyor and the type of report – ask for a quote.