

Mortg-ageing: Fears as a quarter of first-time house buyers take out 35yr loans... with many set to pay them off as OAPs

10% rise in 35-year mortgages for first-time buyers since 2007

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A QUARTER of first-time buyers took out 35-year mortgages last year and many will pay off loans as pensioners.

Experts yesterday branded it stupidity as more people pick the long option to buy a home.

Halifax saw 26 per cent of first-timers take the 35-year option last year, up ten per cent on 2007. It has become popular with borrowers because it allows lower monthly payments.

But wealth management expert Jonathan Davis said: "People are assuming they are going to have a job for 35 years and that's extremely optimistic."

"The reason why houses were not repossessed in the last crash is because they slashed interest rates from five per cent to 0.5 per cent. They can never do that again. No one is going to have slashed mortgage costs, and if they lose their income they will lose their home."

Bank of England deputy governor Andrew Bailey has previously warned of a "long-term problem" if mortgages extend into borrowers' retirement.

Halifax's study also found the average deposit paid by first-time buyers was up 13 per cent to £32,927.