

Bank of England Base Rate change FAQs

Q: What is the Bank of England Base Rate?

A: The Bank of England's Official Bank Rate, commonly known as the Bank of England Base Rate, is used throughout the financial services industry.

In short, the Base Rate is there to keep inflation on target and make sure the economy grows in a sustainable way. It's reviewed regularly by the Bank of England's Monetary Policy Committee. According to the Bank, when setting the rate the nine members of the Committee are "attempting to influence the overall level of activity in the economy in order to keep the demand for, and supply of, goods and services roughly in balance".

Q. What is a Bank of England Rate change?

A: This is when the Bank of England's Monetary Policy Committee (MPC) determines that – in the best interest of the overall economy – the Bank of England's Base Rate needs to be adjusted from its current rate (this can either be an increase or a decrease).

Q: When was the last Bank of England rate change?

A: The last time the Bank of England changed Base Rate was 4 August 2016 when it was reduced from 0.50% to 0.25%.

Q. Why does it impact mortgages and savings customers?

A: The BoE Base Rate underpins the way that financial institutions obtain funding to provide mortgage and savings products. This affects all financial service providers so is not unique to the Yorkshire Building Society Group.

Q: What will the Yorkshire Building Society Group do now the Base Rate has changed?

A: We have announced that we will be passing the full rate increase onto all our variable rate savers. The date of that change will be 14/12/2017.

Under our Terms and Conditions, the majority of our Savings customers (except holders of payment accounts) do not have to be contacted, in the event of a rate rise. We will publish changes on our websites and in branches.

Customers whose mortgage product tracks the Bank of England Base Rate will see their interest rate increase. The date of this change is 10th December 2017. We will write to customers who have immediate payment change mortgages from the day after the change is implemented to let them know how this affects their mortgage payments.

Q: When will I see my payment change on my mortgage if my account is on 'annual account review'?

A: Any change in payment will not take effect until your account is reviewed at the end of this year. Any change to your monthly payment will then be applied in March 2018. This means that you will be charged the higher interest rate but your current monthly payment will not reflect this increase until March 2018. We will advise you of your new monthly payment in your mortgage statement.

If this affects you and you want to change your payment before March 2018, you can request this by telephoning our Customer Contact Centre on 0345 1200 200. For more information on the annual account review process, please refer to your 'How Your Mortgage Works' booklet, which was included with your mortgage offer.

Q: Will you be changing the Standard Variable Rates?

A: The Society had made the decision to increase our Standard Variable Rate (SVR) by 0.25%.

The new mortgage SVR will be 4.99% and will be effective from the 10th December.

Q: How will this SVR change be communicated to customers?

A: Customers will be informed of the change to the SVR through adverts in the press, leaflets in branches and notices on our website.

Confirmation of which papers the advert will be in will be available nearer the time of the change via our branches and call centres.

We will write to customers who are affected by the increase and who have immediate payment change mortgages from the day after the change is implemented to let them know how this affects their mortgage payments.

Q: If my mortgage product is linked to the SVR, when will I see my payment change on my mortgage if my account is on 'annual account review'?

A: Any change in payment will not take effect until your account is reviewed at the end of this year. Any change to your monthly payment will then be applied in March 2018. This means that you will be charged the higher interest rate but your current monthly payment will not reflect this increase until March 2018. We will advise you of your new monthly payment in your mortgage statement.

If this affects you and you want to change your payment before March 2018, you can request this by telephoning our Customer Contact Centre on 0345 1200 200. For more information on the annual account review process, please refer to your 'How Your Mortgage Works' booklet, which was included with your mortgage offer.

Q: Will any fixed rate products be affected?

A: No, fixed rate products stay on the same rate during the product period.

Fixed mortgage rates guarantee a particular interest rate for a specified period, which is not influenced by external factors fluctuating during the product period. This is in accordance with the terms and conditions of the mortgage product. Therefore, fixed rate products are not affected when the SVR rises or falls.

Q: When could the Base Rate change again in the future?

A: The Base Rate will change when the when the BOE Monetary Policy Committee determines that the UK economy needs to adjust to remain stable and sustainable.

The Bank of England's Monetary Policy Committee regularly reviews the Base Rate (normally on a monthly basis) to determine whether a change is required

Q: What happens if the Bank of England Base Rate changes again?

A: We would need to review the impact of any further Bank Rate changes in the context of the market and other economic factors at any such time.

Q. Will an existing customer's fixed rate savings product change?

A: No the rate will remain on the fixed rate product until the end of the term. Fixed rate savings products guarantee a specific, agreed interest rate for a specified time period. This is in accordance with the terms and conditions of the account. Therefore, fixed rate accounts are not affected when the Base Rate rises or falls.

Q What is the outlook for long term for savers?

A: Savings rates are affected by a number of complex economic factors, including the Base Rate, currency values and economic and political events. It is therefore difficult to predict exactly what will happen to savings rates.