



# SIMPLY MORTGAGE

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# UNDERSTANDING THE NEW HIGH-VALUE COUNCIL TAX SURCHARGE

A significant change for homeowners in England, particularly those with high-value properties

**T**he Autumn Budget 2025 has introduced a major change for homeowners in England, especially those with high-value properties. The government announced the introduction of a High Value Council Tax Surcharge (HVCTS), which many are calling a "Mansion Tax." This new measure is due to come into effect from April 2028 and will affect residential properties worth over £2 million.

This surcharge is meant for homes at the high end of the property market. It will be added to the usual council tax bill. The introduction of the HVCTS represents a significant change in property taxation, targeting a specific group of homeowners as part of the government's broader fiscal plan. The surcharge is intended to ensure that those with the most valuable properties pay more towards local services.

## A CLOSER LOOK AT THE CHANGES

The HVCTS will be organised in tiers, with the amount payable rising with the property's value. For homes valued just above the £2 million threshold, the surcharge will start at £2,500 per year. This amount will increase gradually for more

expensive properties. The highest band applies to homes valued at £5 million or more, which will face an annual surcharge of £7,500.

This tiered system means the financial impact will differ significantly based on a property's market value. The government's aim is to establish a progressive framework in which the extra tax burden is proportional to property wealth. For homeowners affected, this will become a new and recurring annual expense to be included in their household budgets from 2028 onwards.

## REVALUATION AND ITS IMPLICATIONS

A key part of this new policy is the planned revaluation of properties. The Valuation Office Agency (VOA) is set to conduct a revaluation in 2026, which will form the basis for the new surcharge. This process will specifically reassess the values of properties currently in council tax bands F, G, and H. The outcome of this revaluation will decide which properties fall into the new HVCTS framework.

The 2026 valuations will be crucial in setting the new baseline for high-

value properties. Homeowners whose properties have experienced significant appreciation since the last valuation may find themselves subject to the surcharge for the first time. The revaluation seeks to better align the tax system with current property market conditions, but it will likely create uncertainty for many until the new values are confirmed.

## WHO WILL BE AFFECTED?

The HVCTS will apply solely to residential properties in England. Although it targets properties valued above £2 million, the 2026 revaluation might increase some homes formerly valued below this amount to above the threshold. This is especially relevant in areas experiencing high property value growth, such as London and the South East, but it could also impact owners of large or distinctive properties in other regions of the country.

Homeowners in the higher council tax bands (F, G, and H) should pay attention to these upcoming changes. Even if a property's current value is below £2 million, a substantial increase during the 2026 revaluation could make it liable for



the surcharge. Therefore, understanding the local property market and potential valuation results becomes more crucial than ever.

#### PREPARING FOR THE FUTURE

With the changes set to take effect in April 2028, homeowners have a window of time to prepare. The period between the 2026 revaluation and the 2028 implementation will be crucial for understanding the specific financial impact. Once the VOA releases the new valuations, property owners will have a clear understanding of whether they will need to pay the surcharge and at what level.

This advance notice helps with financial planning. Those likely to be affected may wish to begin considering how to manage this extra cost. It also offers an

opportunity to review personal finances and property assets before the changes. Staying informed about the progress of the revaluation and subsequent government announcements will be crucial for all high-value property owners.

If you believe these changes may affect you and you require further information or specific advice on your property, we recommend seeking professional guidance to help you navigate the upcoming adjustments. ■

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DESIGNED JUST FOR YOU!**  
Contact A1 Financial Solutions today for personalised advice and take the first step toward your dream home.

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# IS A FIXED RATE OR TRACKER MORTGAGE RIGHT FOR YOU?

Exploring the differences between flexible and predictable home loans

**W**hen choosing a mortgage, one of the key decisions is whether to select a fixed-rate or a tracker mortgage. Both products aim to finance a home, but they operate in quite different ways. The choice is not only about interest rates but also about risk, stability, and personal preference.

**HOW A TRACKER MORTGAGE WORKS**  
A tracker mortgage follows the movements of the Bank of England base rate, usually with a set margin added on top. When the base rate rises, the monthly payment increases; when it falls, the payment decreases.

The attraction is flexibility. Borrowers benefit directly from any reductions in the base rate, which can make trackers appealing during periods of monetary easing. Early repayment charges are often lower than those on fixed deals, making trackers a suitable option for those who expect to move or repay the loan early.

However, freedom comes with risks. When the base rate increases, repayments often rise significantly. A household's budget needs to be flexible enough to withstand these shifts, which can be difficult to predict over several years.

**STABILITY OF A FIXED MORTGAGE**  
Fixed mortgages, by contrast, offer certainty. The interest rate is locked in for the duration of the deal, typically two, five, or

even ten years, ensuring monthly payments stay the same regardless of changes to the base rate.

This stability makes fixed deals popular during times of economic uncertainty. Households can plan their finances with confidence, knowing exactly what they will pay each month. For families managing tight budgets, the reassurance of predictability often outweighs the possibility of savings from falling rates.

The disadvantage is reduced flexibility. If the base rate decreases, fixed-rate borrowers miss out on lower payments. Switching early usually results in a penalty, meaning they may need to wait until the deal ends before securing a cheaper rate. Fixed deals can also have slightly higher initial rates compared to trackers.

## FACTORS TO CONSIDER

The decision between a tracker and a fixed mortgage depends on your expectations and personal circumstances. If interest rates are expected to fall, a tracker might be more affordable and offer an immediate advantage. Conversely, if rates rise, the same product could end up being more expensive than a fixed-rate mortgage.

Borrowers with a stable income, available budget, and a willingness to accept risk might be well-placed to withstand fluctuations of a tracker. Those who prefer certainty, or who would find it difficult with higher monthly payments, may opt for fixing.

The time horizon also matters. Someone planning to move within a few years might prefer the lower charges and flexibility of a tracker. Someone committed to staying longer may find that a fixed rate suits their plans better.

## BALANCE OF FLEXIBILITY AND CERTAINTY

Neither option is inherently superior. A tracker provides freedom and the chance for lower costs if rates decrease, but it leaves borrowers exposed to uncertainty. A fixed rate offers peace of mind and predictable budgeting, but sacrifices flexibility and potential savings if rates fall.

Ultimately, the decision reflects the balance between a household's focus on stability versus opportunity. Recognising the differences and understanding how each product might develop over time enables borrowers to align their mortgage with their financial aims and risk appetite. ■

## WOULD YOU LIKE TO DISCUSS YOUR MORTGAGE OPTIONS?

For simple mortgage advice and guidance tailored to your individual needs, whether you're buying your first home, upgrading, or planning your next move, we're here to make the process smooth and stress-free. Contact A1 Financial Solutions.



# HOW WILL A JOB CHANGE AFFECT MY MORTGAGE?

Employment shifts can influence both applications and existing repayments

**C**hanging jobs is common in working life, but it can have unexpected effects on a mortgage. Lenders depend on employment details as a key part of their affordability calculations, and shifts in income, contract type, or probation status can impact both new applications and remortgages.

Even for those with an existing deal in place, it's useful to understand how employment changes affect mortgage commitments.

## APPLYING FOR A MORTGAGE AFTER A JOB CHANGE

The most immediate impact of a new job is on ongoing applications. Lenders usually require evidence of stable income, typically through several months' payslips. Starting a new role may cause a delay, as proof of consistent earnings might not yet be available.

Some lenders accept an employment contract or a letter from the employer as proof of secure income. Others may require three to six months in the new role before being eligible for a mortgage. This can cause timing issues for buyers who have recently changed jobs and are seeking to borrow.

## REMORTGAGING AND JOB CHANGES

For those remortgaging, a job change can also make things more complicated. When affordability checks are carried out, lenders assess income, expenses, and employment stability. A new job with higher pay might strengthen the application, but if the role is temporary, on probation, or relies on variable bonuses, lenders may become more cautious.

In some cases, borrowers might still qualify but will be limited to lower loan

amounts or less flexible products. The timing of the application often matters: waiting until the probation period has finished or several payslips have been collected can expand the range of available options.

## SWITCHING FROM EMPLOYMENT TO SELF-EMPLOYMENT

Transitioning from salaried employment to self-employment presents additional challenges. Lenders usually require at least one to two years of accounts or tax returns to confirm stable income. For those in the early stages of self-employment, this lack of history can make securing a mortgage more difficult.

Even when income is high, fluctuations in earnings and the need for documentation often lead to increased scrutiny of self-employed applicants. Preparing accounts early and working with an accountant can help provide the required evidence.

## IMPACT ON EXISTING MORTGAGE REPAYMENTS

Changing jobs does not alter the terms of an existing mortgage. Monthly payments remain the same, regardless of employment status. The impact is therefore indirect: if income decreases or becomes less predictable, the challenge is to continue making repayments.

For borrowers concerned about affordability during a transition, some lenders offer flexibility options such as payment holidays, temporary interest-only periods, or revised terms. These vary based on the lender's policies and the borrower's history, but they can provide short-term assistance if income is disrupted.

## PLANNING AROUND A JOB CHANGE

The key to managing a job change and a mortgage is timing. Applying for a new mortgage during probation, or without payslips to prove income, can limit options. Waiting until income is established usually results in better outcomes.

For those entering self-employment, building a financial buffer and preparing accounts in advance can make the process easier. For existing borrowers, informing lenders if payments might be disrupted is crucial, as it can allow for temporary flexibility.

## LOOKING AHEAD

Mortgages and employment are closely linked, but a job change doesn't need to create insurmountable barriers. Lenders concentrate on proof of steady income, and once that is proven, borrowers can usually access the products they need.

For those experiencing a transition, the crucial factor is timing: allowing time for income to stabilise often determines how smoothly a mortgage application or remortgage goes. ■

## WANT TO FEEL CONFIDENT IN YOUR MORTGAGE CHOICES?

Whether you're looking for the right mortgage for your first home or your next move, professional advice from A1 Financial Solutions will help you make well-informed decisions. Please contact us.

# WHEN SHOULD I CONSIDER REMORTGAGING?

Key moments when switching your mortgage might be financially wise

**R**emortgaging has become a common aspect of homeownership. For many households, it is not a matter of if they will remortgage, but when. At the right time, it can lower monthly payments, offer stability, or unlock equity for other needs.

Understanding the conditions that make remortgaging a sensible choice is essential for effectively managing a mortgage over the long term.

## WHEN A DEAL IS ENDING

The most common time to remortgage is at the end of a fixed or tracker deal. Once the initial term ends, most lenders switch borrowers to their standard variable rate (SVR). These rates are typically higher than market rates, resulting in significantly higher monthly payments.

Acting before a deal expires enables homeowners to secure a new product early and avoid unnecessary increases. Many lenders allow borrowers to arrange a new deal up to 6 months before the current one expires, helping ensure a smooth transition.

## WHEN RATES ARE CHANGING

Wider market conditions can also make remortgaging a more appealing option. If interest rates fall, switching may offer the opportunity to secure a more affordable deal. Even small rate differences can lead to significant long-term savings, particularly on larger mortgages.

The opposite also holds true: during periods of rising rates, some borrowers remortgage early to lock in a fixed deal before costs increase further. This choice involves balancing early repayment charges against the potential benefit of safeguarding future payments.

## WHEN BORROWING NEEDS CHANGE

Life events often necessitate an increase or decrease in borrowing. Home improvements, debt consolidation, or supporting family members may lead homeowners to release equity via a remortgage.

Alternatively, those whose income has increased might consider shortening their mortgage term or switching to a deal that permits higher overpayments. Remortgaging can help align the mortgage with new financial goals, whether that involves accessing funds or speeding up repayment.

## WHEN PROPERTY VALUE HAS RISEN

In a rising market, increasing property values can create more opportunities for competitive deals. As equity increases, the loan-to-value ratio improves, making borrowers eligible for more favourable products. Moving from a 90% loan-to-value ratio to 80% or 75% can significantly lower rates.

This effect also applies to those who have significantly reduced their balance through overpayments. A lower loan-to-value ratio enhances options and often decreases monthly costs.

## WHEN CIRCUMSTANCES CHANGE

Remortgaging may also be motivated by personal reasons, such as a change in employment, a move to self-employment,

or retirement planning. Some borrowers may require products that offer flexibility in repayment terms, while others may prioritise long-term security.

It is important to recognise that not all circumstances make remortgaging a worthwhile option. Early repayment charges, arrangement fees, and affordability checks must be included in the calculations. The right timing depends on balancing these costs against the potential benefits.

## CONTINUING PART OF HOMEOWNERSHIP

For most households, remortgaging is not a one-off event but a regular part of managing their finances. Each new deal provides an opportunity to reassess goals, capitalise on market conditions, or adapt to life changes.

The key is to recognise trigger points, such as an expiring deal, changing interest rates, new borrowing needs, or a shift in property value, and act before opportunities are missed. ■

## IS NOW THE RIGHT TIME TO DISCUSS REMORTGAGING?

If you're looking for a more suitable alternative mortgage deal, A1 Financial Solutions will explain the options available to you. To learn more, please contact us.





**When it comes to mortgages, taking advice can be a daunting process, whether you are looking to take financial advice for the first time or you've taken financial advice in the past.**

Finances often take a low priority for many people because they are complex, but at Simply Mortgage our clients appreciate our ability to make the mortgage-arranging process both simple and enjoyable.

At Simply Mortgage, we ask the questions, look into your future, give straightforward advice and find the right mortgage solution for you.



Contact us today to begin your journey – we look forward to hearing from you.

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