
What can I use my mortgage loan for?

Our mortgage loans are mainly used to purchase residential property but if you are re-mortgaging to us or you are an existing mortgage customer looking to borrow more money we do allow loans to be used for other purposes such as home renovation and debt consolidation. There may be certain restrictions in relation to loans used for certain purposes. Please contact us if you have any questions in this regard. Please note we do not lend for the purpose of the purchase of capital instruments of an RBS Group entity, for example shares in NatWest or RBS.

Will my loan be secured on my property?

Yes, in order to provide a mortgage loan we require security over the residential property in question. In England and Wales this is done by you granting a Mortgage Deed in our favour over the property and in Scotland this is done by you granting a Standard Security in our favour over the property. The Mortgage Deed and the Standard Security are legal documents which create security over the property for all amounts you owe us now or in the future. We only offer mortgages where the property in question is located in England, Wales or Scotland.

What length of mortgage term can be provided?

Our minimum loan term is 3 years and our maximum loan term is 35, however your term must finish before you turn 70.

What types of mortgages does the Royal Bank of Scotland offer?

We offer the following different types of mortgages:

Fixed Rate

With a fixed rate mortgage, the interest rate remains the same for a set period of time. This means that your mortgage payment would be the same amount every month during that period.

Tracker

A tracker mortgage is a type of variable rate mortgage where the interest rate tracks another rate such as the Bank of England base rate at a set margin above or below that rate. This means your mortgage payments would change in line with a change to the rate that was being tracked. Our tracker mortgages track the Bank of England base rate. This rate is set by the Bank of England.

Offset

An offset mortgage gives you the opportunity to offset credit balances on your current and savings accounts against your mortgage balance. This would reduce the amount of interest you are charged, whilst maintaining your monthly Direct Debit amount so that you will in effect make regular overpayments on your mortgage.

Mortgages:

General information

Standard Variable Rate

Standard variable rate (“SVR”) is a type of variable rate mortgage. When a fixed or tracker rate ends, you would automatically be transferred onto our SVR. Where there is a change to our standard variable rate your mortgage payments would change accordingly.

We offer both capital and interest and interest only mortgages. A capital and interest mortgage means that your monthly payments will pay back both the capital borrowed and interest on the capital borrowed. This means that as long as you keep making your monthly payments you will not owe the bank any money at the end of the mortgage term.

An interest only mortgage means that your monthly payments will only pay back the interest on the capital borrowed. You will still owe the full mortgage amount at the end of the mortgage term. Interest only mortgages are only available if you meet certain criteria including a minimum annual income and you have a repayment strategy that is acceptable to us that is to pay off your mortgage at the end of its term.

If any part of your mortgage is an interest only mortgage, it is entirely your responsibility to make sure the financial arrangements which you have chosen to repay the capital is/are suitable and maintained throughout the term of the mortgage.

Any shortfall at the end of the mortgage term is your responsibility and if you cannot repay the mortgage at the end of the term, you could lose your home.

What if I live abroad or earn income in a currency other than Sterling?

If you are using income which comes from a currency other than Sterling to repay your loan or you are resident overseas, your loan will be classed as a Foreign Currency loan under the regulatory rules that apply to mortgages. We will consider you for a mortgage if your income is in a currency of any of the following countries:

Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, the Republic of Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Australia, Canada, Channel Islands, Gibraltar, Isle of Man, Japan, Monaco, New Zealand, Singapore, Switzerland, United States of America.

We do not provide mortgages to people resident outside of the UK.

We will set out the risks of having a Foreign Currency loan in any mortgage illustration you receive so that you can understand the implications of this.

Once the loan has completed, we will monitor your account to check for fluctuations in currency exchange rates. We will warn you if there are fluctuations in currency exchange rates of more than 20% between the currency of your mortgage and the currency of the income or assets which you are using to repay the loan or the currency of the EEA state in which you are resident.

Such a movement in the exchange rate may make it more difficult for you to afford your mortgage payments and/or affect the value of the asset(s) you intend to use to repay your mortgage.

Mortgages:

General information

You should ensure that you understand the implications of having a Foreign Currency loan and that you are able to continue to make your mortgage payments or repay your mortgage in the event of movements in exchange rates. Please seek independent financial advice if you have any concerns in this respect.

How much would my repayments be?

If you wish to get an estimate of how much your monthly repayments would be you can use our tool which can be found on our website (www.rbs.co.uk) or you can request a mortgage illustration.

Representative Example: A mortgage of £107,350 payable over 21 years (and 11 months) initially on a fixed rate for 5 years at 3.25% and then our variable rate of 3.99% for the remaining 16 years (and 11 months) would require 60 monthly payments of £571.19 and 203 monthly payments of £604.31.

The total amount payable would be £158,190.93 made up of the loan amount of £107,350 plus interest of £50,840.93. A product fee of £995, a valuation fee of £248 and a CHAPS fee of £30 are also payable.

The overall cost for comparison is 3.9% APRC representative.

Does my property need to be valued as part of my mortgage application?

We must receive a satisfactory valuation report on the property before we will release the loan unless we write and tell you otherwise.

The valuation and any re-inspection of the property is solely for our purposes. We are not responsible for its accuracy.

You are responsible for paying all valuation and re-inspection fees in respect of the property unless we tell you otherwise.

Do I need to have building insurance?

Yes, you must have appropriate buildings insurance for your property for the term of the mortgage and provide us with confirmation that you have this cover in place. You are not obliged to buy this insurance from us. If you do not have buildings insurance you will be in breach of your mortgage terms.

What costs would I be charged?

We may charge you fees in conjunction with your mortgage, including the following:

- Product fees when you take out the mortgage;
- Valuation fees; and
- Administration fees for example a fee for transferring the loan funds to you or your conveyancer.

Mortgages: General information

There are also certain charges if you require services during the term of your mortgage. Details of those fees are set out in our tariff of charges leaflet.

What if I want to repay my mortgage early?

You may repay your mortgage at any stage during its term. However if you wish to repay your mortgage within a deal period there may be early repayment charges payable. Details on how any early repayment charges would be calculated will be contained in your mortgage illustration and offer document.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE