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## Low-Deposit Alternatives: £5k And 100% Mortgages

### Leasehold Reform: Key Info for Flat Ownership

Leasehold reform is back in the headlines – but what could it mean if you own or want to buy a flat?

### Switching Mortgage Types Mid-Term

With mortgage rates moving around again, some borrowers are wondering whether they are still on the right type of deal.

**Phone:** 01223 329666 | **Email:** [info@turneyassoc.co.uk](mailto:info@turneyassoc.co.uk)

#### **Head Office:**

5-7 Covent Garden, Petersfield, Cambridge, CB1 2HS

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## Featured **This Month**

As summer gets underway, June is a good time to think about how homes and mortgages can adapt as life changes.

This month we cover switching mortgage types mid-term, creating more flexible living spaces at home, later-life lending, leasehold reform, and low-deposit mortgage options.

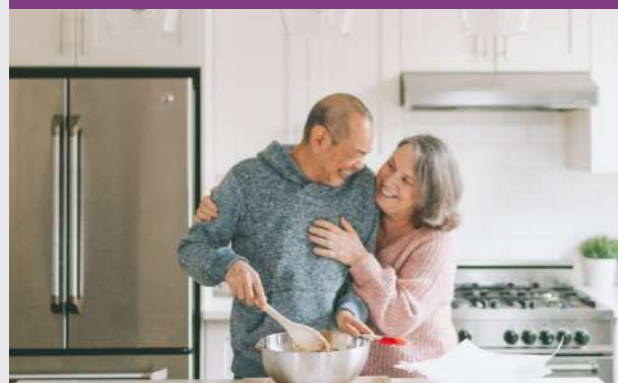
## Working **With Us**

Welcome to our monthly newsletter! With over 30 years' experience in mortgages and protection, we offer whole-of-market guidance to help you make confident financial decisions. Our personalised advice and ongoing support are here to ease your stress and keep you informed as your needs evolve.

If you have any queries, please don't hesitate to contact us.

### **Later-Life Lending:** What Older Homeowners Should Know

As people live longer, work later, support adult children and face rising retirement costs, more homeowners are asking a difficult question: **could the value tied up in my home help me later in life?**



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# Creating Multifunctional Living Spaces

Open-plan living has shaped the way many homes are designed, extended and renovated over the past decade. It is easy to see why.

**A more open layout can make a home feel lighter, larger and more sociable, especially for families who want cooking, dining and relaxing to flow together.**

But in 2026, homeowners are asking more of the same space. The kitchen is not just a kitchen. It might also be a homework zone, a home office, a dining area, a play space, a reading corner and somewhere to unwind at the end of the day.

That is where multifunctional living comes in. Rather than adding more square footage or taking on a major renovation, the aim is to make existing rooms work harder, while still feeling calm and comfortable.

### **Why Multifunctional Spaces Are Becoming More Popular**

Many households now need their homes to support different routines throughout the day. Remote and hybrid working have made quiet corners more valuable. Children may need somewhere to study. Adults may want a space that works for

laptop calls in the morning and relaxing in the evening.

At the same time, not everyone wants, or can afford, a large extension. Building work can be expensive, disruptive and time-consuming. So the focus has shifted towards smarter use of existing space: better lighting, flexible furniture, subtle zoning and clever separation.

The idea is simple: keep the openness, but give the room more structure. A well-planned space can feel sociable when everyone is together, but still offer a sense of separation when different people need to use it in different ways.

### **Start By Giving Each Area A Job**

The first step is to stop thinking of a room as one large space and start treating it as a series of smaller zones.

A kitchen-diner, for example, might include a cooking area, a dining table, a small work-from-home spot, a reading chair, a children's activity space and a relaxed seating area.

These zones do not need walls between them. Sometimes, a rug, a change in lighting, a shelf unit or a different wall colour is enough to create a visual boundary.

The key is to decide what each area needs to do. A desk needs good task lighting, plug sockets and enough privacy for focus. A dining area needs clear circulation and comfortable seating. A relaxation space needs softer lighting, storage for clutter and a sense of calm.

When each zone has a clear purpose, the whole room tends to feel less chaotic.

### Use Zonal Lighting To Change The Mood

Lighting is one of the simplest ways to make an open-plan space feel more flexible.

A single ceiling light often makes a room feel flat. It can also be too bright for relaxing and not bright enough for work. Zonal lighting solves this by giving different parts of the room their own light source.

Pendant lights over a dining table can make mealtimes feel separate from the rest of the room. Under-cabinet lighting in the kitchen can help with cooking. A floor lamp next to a chair can create a reading corner. A desk lamp can make a small workspace feel intentional rather than temporary.

Dimmer switches and smart bulbs can also help. Bright, cooler light may be useful during the day, while warmer, softer lighting works better in the evening. This is particularly helpful in rooms that need to switch from practical to relaxing without physically changing the layout.

### Consider Interior Glazing

One of the challenges with open-plan living is noise. A large open room may look beautiful, but it can be difficult when one person is on a work call, another is cooking and someone else is watching TV.

Interior glazing can help by creating separation without blocking light. Crittall-style doors, sliding glass doors or glazed partitions can make a space feel more structured without making it feel closed in.

This can work well between a kitchen and living area, or between a hallway and a home office. It can be especially useful where a fully open layout has started to feel a little too exposed or noisy.

For homeowners who do not want to install new doors, a similar effect can sometimes be achieved with open shelving, folding screens or half-height room dividers. These will not provide the same sound control, but they can help break up the space visually.

### Choose Furniture That Earns Its Place

In a multifunctional room, furniture needs to do more than look good.

A storage bench can provide seating and hide toys, shoes or paperwork. A dining table with a slim profile can double as a workspace. A foldaway desk can turn an alcove into an office without taking over the room. Nesting tables, modular sofas and extendable dining tables can all make a space more adaptable.

The aim is not to fill every corner. In fact, multifunctional rooms often work best when they have less furniture, but better chosen pieces. Too many items can make zones blur together and make the room feel busy.

Built-in storage can also be useful, especially in awkward spaces such as alcoves, under stairs or bay windows. It helps keep everyday clutter out of sight, which matters when one room is doing several jobs.

### Think About Flow

A flexible room still needs to be easy to move through.

Before buying furniture or changing the layout, it is worth looking at how people naturally walk through the space. Are chairs blocking doors? Does the dining table make the kitchen feel cramped? Is the desk facing a busy walkway?

Good layouts usually leave clear routes between the main areas. They also avoid placing noisy or high-traffic zones next to areas meant for concentration or rest.

For example, a work zone may sit better in a corner away from the kitchen, while a children's craft area might work best near wipe-clean flooring and storage.

### Small Changes Can Make A Big Difference

Creating a multifunctional living space does not always mean knocking down walls or building an extension. Often, it is about noticing where the current layout is working too hard and making small adjustments.

Better lighting, clearer zones, smarter storage and a more thoughtful furniture layout can make an open-plan home feel more practical, without losing the light and spaciousness people value.

The right design can make a home easier to live in now and more appealing to future buyers.



# Switching Mortgage Types Mid-Term

With mortgage rates moving around again, some borrowers are wondering whether they are still on the right type of deal.

For most people, choosing a mortgage means deciding between a fixed rate, where payments stay the same for a set period, and a variable or tracker rate, where payments can move up or down. But what happens if you chose one route and later wish you had chosen the other?

Switching mortgage types mid-term is sometimes possible, but it is not always simple. The right answer depends on your current deal, the charges involved, how much risk you are comfortable with and how long you expect to stay in the property.

## Why Borrowers Might Want To Switch

A borrower on a fixed rate may think about switching if variable or tracker deals start to look cheaper, or if they believe interest rates could fall in the near future.

A borrower on a variable or tracker rate may want to move the other way and fix their payments, especially if they are worried about the Bank of England base rate rising.

This has become more relevant recently, because the mortgage market has been unsettled. In April, the Bank of England held the base rate at 3.75%, while some lenders were reducing mortgage rates. At the same time, some base-rate tracker deals had moved below 4%, making them tempting for borrowers who do not need the certainty of a fixed payment each month<sup>[1]</sup>.

That does not mean trackers are right for everyone. A tracker can look attractive when the starting rate is lower, but payments can rise if the base rate goes up.

## Option One: Stay Put Until The Deal Ends

For many borrowers, the simplest option is to stay on the current deal until the fixed, tracker or discounted period ends.

This avoids early repayment charges and gives you time to review the market closer to your end date. Many lenders allow borrowers to secure a

new rate several months before their current deal finishes, which can offer some protection if rates rise before then.

This route may suit borrowers who are comfortable with their current payment and do not want to pay a charge to leave early.

## Option Two: Pay The Early Repayment Charge

If you are tied into a fixed rate, you may have to pay an early repayment charge, often called an ERC, if you leave before the deal ends.

This charge is usually a percentage of the outstanding mortgage balance. On a larger mortgage, that can mean several thousand pounds. In some cases, switching may still save money overall, but the calculation needs to be done carefully.

The important thing is to compare the total cost, not just the monthly payment. A lower new rate may look appealing, but once you add the ERC, arrangement fees, valuation costs or legal fees, the savings may be smaller than expected.

## Option Three: Switch With The Same Lender

Some borrowers may be able to switch products with their existing lender. This is often called a product transfer.

It can be quicker and simpler than a full remortgage because you are not moving to a new lender. There may be less paperwork and, in some cases, no legal work.

However, the easiest option is not always the cheapest. It is still worth comparing your lender's offer with other deals available across the wider market.

## Option Four: Port The Mortgage

Porting means taking your current mortgage deal with you when you move home.

This can be useful if your existing rate is competitive or if leaving your deal would trigger a large charge. However, porting is not guaranteed. The lender will still assess your income, affordability and the new property.



If you need to borrow more, the extra borrowing may be placed on a separate rate. That means you could end up with two parts to your mortgage, each with different terms.

## Think About Risk, Not Just Rate

A fixed rate gives certainty. A tracker or variable rate gives flexibility, but less predictability.

For some households, knowing exactly what will leave the bank each month is worth paying

slightly more for. For others, especially those with savings or more room in the monthly budget, a tracker may feel manageable.

Before switching, ask yourself: could you still afford the payment if rates increased? How long is left on your current deal? Are you planning to move soon? Would the savings still make sense after fees and charges?

Switching mortgage types mid-term can be the right move, but

only when the numbers and the risk both make sense. It is worth getting advice before making changes, especially where early repayment charges are involved.

**Source Data**  
**[1] Mortgage Soup** – Barclays Cuts Rates And Launches Sub-4% Premier Tracker

# Low-Deposit Alternatives: £5k and 100% Mortgages

**For many first-time buyers, the biggest obstacle is not always the monthly mortgage payment. It is getting the deposit together in the first place.**

With rent, bills and day-to-day costs still taking up a large share of income, saving tens of thousands of pounds can feel painfully slow. That is why low-deposit mortgages have become a bigger talking point again in 2026. They are not right for everyone, and they do not remove the need for careful budgeting, but they may give some buyers a route onto the property ladder sooner than they expected.

## What Is A Low-Deposit Mortgage?

A low-deposit mortgage allows a buyer to purchase with a smaller upfront deposit than the traditional 5%, 10% or 15% many people associate with buying a home.

In simple terms, the lender is allowing the buyer to borrow a higher percentage of the property's value. This is often described as a high loan-to-value mortgage, or high LTV. For example, a 95% LTV mortgage means the buyer puts down 5% and borrows the remaining 95%.

Some newer products now go further than this, including mortgages designed around a £5,000 deposit and, in some cases, 100% mortgages where the buyer may not need to provide a cash deposit at all.

## £5k Deposit Mortgages

One example is Accord Mortgages' £5k Deposit Mortgage, which is aimed at first-time buyers. Accord says the product allows eligible buyers to purchase with a minimum £5,000 deposit, up to 99% loan-to-value, with purchase prices between £100,001 and £500,000. It is available on pre-existing houses and flats, but not new-build properties or properties in Northern Ireland<sup>[1]</sup>.

Another option is Newcastle Building Society's First Step mortgage. This is also designed for first-time buyers and offers borrowing up to 98% of the property's value, with a minimum deposit of £5,000. Newcastle states that mortgage values range from £96,000 to £350,000 and that the product is available on a five-year fixed rate. However, the deposit cannot be gifted, and the product is not available for new-build properties or affordable home ownership schemes such as Shared Ownership<sup>[2]</sup>.

These products could suit buyers who have a steady income and can afford the monthly repayments, but who are finding it difficult to build a larger deposit while renting. They may also help buyers who want to keep some savings back for

moving costs, furniture, legal fees or an emergency fund.

However, they are not a shortcut around affordability checks. A lender will still look closely at income, regular outgoings, credit history and whether the mortgage would remain manageable if circumstances changed.

## What About 100% Mortgages?

A 100% mortgage allows someone to borrow the full purchase price of a property. These products largely disappeared after the financial crisis, but they have slowly returned in a more controlled form, usually with strict eligibility rules.

Skipton Building Society's Track Record mortgage is one example. It is designed for renters who can show a strong history of paying rent. Skipton says applicants must have paid rent for 12 months in a row within the last 18 months, be aged 21 or over, have no missed payments on debts or credit commitments in the last six months, and be borrowing up to £600,000. It is not available for properties in Northern Ireland<sup>[3]</sup>.

There are also family-assisted 100% options. Barclays' Family Springboard Mortgage, for example, allows a buyer to

purchase without a borrower deposit if family or loved ones can provide 10% of the property price as security<sup>[4]</sup>. This is not the same as a gifted deposit. The helper's money is linked to the mortgage for a set period, and it may be at risk if the borrower does not keep up repayments.

Other family-assisted mortgages may work in different ways. Some use a relative's savings as security. Others allow a parent or family member's income to support the application. Some may involve a legal charge against a family member's property. The details matter, because the person helping is taking on a real financial commitment.

## Who Might These Products Suit?

Low-deposit and 100% mortgages may suit buyers who:

- have a reliable income but a smaller deposit;
- are already paying rent at a similar level to the proposed mortgage payment;
- have a clean or strong credit profile;
- want to buy sooner rather than waiting several more years;
- have family support available, where the product requires it.

They may be less suitable for buyers whose budget is already stretched, whose income is uncertain, or who would be left with no savings after moving.

## The Main Risks To Think About

The biggest risk with a very small deposit is that there is less equity in the property from day one. If house prices fall, the buyer could find themselves in negative equity, where the mortgage is higher

than the property's value. That can make it harder to remortgage or move home.

Higher LTV mortgages can also come with higher interest rates than lower LTV deals. Even where the headline deposit looks attractive, the monthly payment still needs to be affordable over the long term.

It is also worth remembering that buying a home involves more than the deposit. Legal fees, surveys, moving costs, insurance, furnishings and repairs can all add up quickly.

Low-deposit mortgages can be genuinely useful, especially for buyers who are financially ready but struggling to save a large lump sum. The key is to treat them as a serious commitment, not a quick fix. Anyone considering this type of mortgage should compare the full cost, understand the criteria, and take advice before deciding which route is right for them.

For anyone unsure where to start, it may be worth getting in touch to talk through the options.

## Source Data

- [1] Accord Mortgages - £5k Deposit Mortgage For First Time Buyers
- [2] Newcastle Building Society - First Step
- [3] Skipton Building Society - Track Record Mortgages
- [4] Barclays - Family Springboard Mortgage





# Later-Life Lending Is Under The Spotlight

## What Older Homeowners Should Know

### For many older homeowners, the home is becoming part of the retirement conversation.

That does not always mean selling up, and it certainly does not mean everyone should be rushing to release equity. But as people live longer, work later, support adult children and face rising retirement costs, more homeowners are asking a difficult question: could the value tied up in my home help me later in life?

It is a question regulators are now looking at more closely. In March 2026, the Financial Conduct Authority launched a market study into later-life mortgages, focusing on lifetime mortgages and retirement interest-only mortgages, and whether the market needs to change to meet consumers' future needs<sup>[1]</sup>.

#### What Is Later-Life Lending?

Later-life lending is a broad phrase. It can include standard mortgages that run into retirement, retirement interest-only mortgages, lifetime mortgages and other ways of borrowing against a property in later life.

The right route depends heavily on personal circumstances. A homeowner who still has a mortgage at 60 may need a very different solution from someone in their 70s who owns their home outright and wants to help a child with a deposit.

That is why advice matters. Later-life borrowing

can affect retirement income, inheritance plans, tax, benefits and future care options. It is not just a mortgage decision; it can become a family and financial planning decision too.

#### Retirement Interest-Only Mortgages

A retirement interest-only mortgage, often called a RIO mortgage, works a little like a traditional interest-only mortgage. The borrower pays the interest each month, but the full loan is usually repaid when the property is sold, often when the borrower dies, moves into long-term care or sells the home.

This can suit some homeowners who have reliable retirement income and want to keep monthly payments lower than on a repayment mortgage. It may also help those who want to stay in their home rather than downsize immediately.

The key point is affordability. With a RIO mortgage, the borrower still needs to prove they can afford the interest payments, now and in the future.

#### Lifetime Mortgages

A lifetime mortgage is a type of equity release. It allows homeowners, usually aged 55 or over, to borrow against the value of their home while continuing to live there.

Unlike a RIO mortgage, monthly interest payments are not always required. Interest can roll up and be repaid when the home is sold. Some products also allow voluntary repayments, which may help control the final balance.

This can provide access to money for home improvements, care costs, debt repayment, income support or helping family. But it can also reduce the value of the estate left behind and may affect entitlement to means-tested benefits. The longer the interest rolls up, the more expensive it can become.

#### Downsizing Is Still An Option

Borrowing is not the only way to access housing wealth. Downsizing can release money without taking on a new mortgage, and it may reduce running costs if the next property is smaller, newer or more energy efficient.

However, downsizing is not always simple. Moving costs, stamp duty, emotional attachment, local availability and proximity to family can all make it less appealing. Some homeowners also find that the gap between the home they sell and the home they want to buy is not as large as expected.

For some, downsizing is the cleanest solution. For others, staying put may feel more practical.

#### Helping Family With A Deposit

One reason later-life lending is discussed more often is the pressure younger buyers face. Parents and grandparents may want to help with a deposit, particularly where adult children are paying rent but struggling to save.

This can be generous and life-changing, but it needs careful thought. If the money is borrowed against the family home, the older homeowner remains responsible for the loan. It may also affect future retirement plans or the amount left to other beneficiaries.

Families should be clear from the start: is the money a gift, a loan, or an advance on inheritance? Awkward conversations now can prevent disputes later.

#### Why This Is Becoming A Bigger Issue

UK Finance has noted that more people are carrying mortgage debt into later life, partly because first-time buyers are entering the market later and taking longer mortgage terms. It reported that in Q4 2025 there were 41,100 new mortgages to customers aged 55 and above, with later-life lending representing 8% of new residential lending and 22% of new buy-to-let lending<sup>[2]</sup>.

This shows later-life borrowing is no longer a niche topic. It is becoming part of how many households manage retirement, family support and long-term financial resilience.

#### Take Advice Before Making A Decision

Later-life lending can be useful, but it is rarely a decision to make quickly.

Before borrowing against a home, older homeowners should consider their income, future care needs, inheritance wishes, family circumstances, tax position and alternatives such as downsizing. Adult children should also understand that helping them now may have consequences for their parents later.

Used carefully, the home can be part of a wider retirement plan. Used without proper advice, it can create problems that only become clear years down the line.

For anyone considering their options, it may be worth getting in touch to talk through what is available and what the long-term implications could be.

#### Source Data

[1] Financial Conduct Authority – MS26/1: Later Life Mortgages Market Study

[2] UK Finance – Stretch, Flex And Release: The Changing Shape Of Later Life Lending

# Leasehold Reform: What Flat Owners Should Be Watching

Leasehold reform is back in the headlines – but what could it mean if you own or want to buy a flat?

For years, leasehold has been one of the more confusing parts of home ownership. Many people buy a flat thinking of it as “their home”, only to later realise that the legal structure is very different from owning a freehold house. There may be a lease term to watch, ground rent rules to understand, service charges to budget for, and a freeholder or managing agent involved in decisions about the building.

The government is now looking at bigger changes to the way flats are owned in England and Wales. In January 2026, it opened a consultation on moving towards commonhold and banning leasehold for new flats, with the aim of making commonhold the default ownership model for newly built flats in future<sup>[1]</sup>.

## What Is Leasehold?

With a leasehold flat, you own the right to live in the property for a set number of years. The building and land are usually owned by a freeholder. The lease sets out what you can and cannot do, what charges you may need to pay, and how the building is managed.

This is why lease length matters. A flat with a long lease may be easier to mortgage and sell. A flat with a shorter lease can be more difficult, particularly as the lease drops closer to 80

years. Extending a lease can be important, but it can also be expensive and complicated, so it is something owners should not leave too late.

## What Is Commonhold?

Commonhold is different. Instead of owning a lease that gradually runs down, flat owners own their individual home outright and collectively manage the shared parts of the building.

In simple terms, commonhold is designed to give flat owners more control. Decisions about maintenance, costs and management are intended to sit with the people who live in and own the homes, rather than a separate landlord.

The government says commonhold gives homeowners full ownership with no time limit and a say in how the building is managed, including shared costs and responsibilities<sup>[2]</sup>.

## Does This Mean Existing Leasehold Flats Will Disappear?

Not overnight. This is one of the most important points for current flat owners. The proposed ban is focused on new leasehold flats, not automatically converting every existing flat in the country.

If you already own a leasehold flat, you should not assume your property will suddenly become commonhold. However, the

wider reform agenda could still affect you over time, particularly around service charge transparency, lease extensions, ground rent and the ability for leaseholders to take more control of their building.

The government has also said it wants to make it easier for existing leaseholders to convert their buildings to commonhold voluntarily, including reducing the consent threshold from 100% to 50%<sup>[3]</sup>.

## What Should Flat Owners Watch?

For existing leaseholders, the key areas to keep an eye on are: Lease length – If your lease is getting shorter, it may affect the value and saleability of your flat. It may also affect mortgage options for future buyers. Ground rent – Some older leases include ground rent terms that can increase over time. These can cause problems when selling or remortgaging, especially if lenders view the terms as onerous.

Service charges – These are often one of the biggest frustrations for flat owners. It is worth checking what you are paying for, whether major works are expected, and how clearly charges are explained.

Building management – If you are unhappy with how your block is managed, it may be worth exploring rights such as Right to Manage or collective action with other leaseholders.

## What Should Buyers Ask Before Purchasing A Flat?

Anyone buying a flat should ask more questions than they might with a house.

How many years are left on the lease? What is the annual ground rent? Can it increase? What are the service charges? Are major works planned? Is there a reserve fund? Who manages the building? Are there any disputes between leaseholders and the freeholder or managing agent?

These questions may not be exciting, but they can make a big difference to the true cost of owning the flat.

## Why It Matters For Mortgages

Leasehold issues can affect mortgage applications. Lenders may be cautious about short leases, escalating ground rents, unclear building safety costs or high service charges. A property can look affordable at first glance, but if the service charge is high or likely to rise, that can change the overall monthly budget.

This is especially relevant for first-time buyers, who often buy flats as their first step onto the property ladder.

## The Bottom Line

Leasehold reform is moving, but it is not something flat owners should panic about. For now, the practical steps are simple: understand your lease, check your costs, keep an eye on reform, and get advice before buying, selling, extending a lease or challenging charges.

For flat owners and buyers, the main message is this: leasehold is not just legal small print. It can affect what you pay, how much control you have, how easy the property is to sell and what mortgage options may be available.

## Source Data

[1] GOV.UK – Moving To Commonhold: Banning Leasehold For New Flats



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