

15 April 2016

## OVER EIGHTY PER CENT OF AUSSIES DON'T KNOW THEIR MORTGAGE RATE

### *A third of mortgage holders haven't taken any action on their home loan in the past five years or are unsure*

Research by home loan experts iSelect has revealed that only **18 per cent of Australians** with a home loan know their exact mortgage rate with almost **two thirds of home owners** (65 per cent) only knowing it approximately or not at all.

A national Galaxy Research study commissioned by iSelect<sup>1</sup> found that **43 per cent of Australians** currently have a home loan but only **35 per cent** of them know their mortgage rate to one or two decimal places. **Twenty-five per cent** of Australians with a home loan know their interest rate approximately (rounded to the whole percentage) and **19 per cent** say they know where to find it if they need it.

Laura Crowden, spokesperson for iSelect Home Loans, said it was particularly concerning that **21 per cent** of mortgage holders either can't remember it exactly, aren't interested in remembering or simply don't know.

"Many of these home owners could be paying well above average interest rates. Not only could these home owners be paying more than they need to each month but they could also be missing out on the opportunity to shave years off length their loan," Laura said.

iSelect's research also found that in the last five years, **19 per cent** of mortgage holders have switched their loan to a different bank or provider and **21 per cent** switched loan type, with **12 per cent** moving from variable loan to a fixed rate while **nine per cent** moved from fixed to variable.

Laura said that it was worrying **over a third** (36 per cent) of Australians who currently have a home loan haven't taken any action in the past five years or weren't sure.

"While **12 per cent** of mortgage holders shopped around to compare rates and providers but didn't end up making a change, it's disappointing that over a third haven't even taken the time to review their options."

"This is a worrying statistic as an interest rate just a few decimal points higher means not only will it take you longer to pay off your loan but can add significant pressure to already stretched household budgets."

Laura said that while the most common reason given for not taking action was being happy with their current lender, the results indicated that people were sticking with their current provider simply because it was too much hassle to change.

"Of those who haven't taken any action in the last five years, **24 per cent** said that they didn't believe they would save enough money for it to be worth the effort while **20 per cent** indicated they thought it would be too complicated."

Laura said that mortgage holders often underestimated the savings that could be gained by switching to a new loan with a lower interest rate.

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<sup>1</sup> In March 2016, iSelect commissioned a nationally representative consumer research study with Galaxy Research Australia to assess the attitudes of over 1,000 Australian adults towards home loans.

“Banks are competing hard for new customers and there are some great offers currently in the market so it’s well worth taking the time to compare. Switching to a lower interest rate could end up saving you tens of thousands over the lifetime of your loan.”

Laura said **16 per cent** of those who hadn’t taken any action on their home loan in the past five years believed the exit fees are too high.

“Many customers are put off by the idea of exit fees but they are often much lower than people expect and a one-off exit fee may be well worth it if you can get a lower interest rate for the lifetime of your loan.”

Laura said iSelect currently has variable rates available starting at **3.98 per cent** and fixed loans starting at just **3.99 per cent**.

“With such low fixed rates, now a really good time to consider fixing your home loan rate. A fixed loan makes budgeting much easier as you know exactly how much you have to repay each week or month for the duration of the fixed period. If interest rates go up, you’ll be happy knowing you are paying less than variable rates.”

However, Laura said home owners should carefully consider their future plans before fixing their loan because if variable rates drop further after fixing, they’ll be paying more than the variable rate.

“Before making any decision, it’s important to speak with a home loan expert who can run you through the ins-and-outs and explain all the fine print in language you can understand. After all, your home loan is probably the single biggest factor affecting your personal finances,” said Laura.

**ENDS**

**For further information, please contact:**

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**About iSelect**

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