



# Could we lose our tracker mortgage?

**My husband and I have a tracker mortgage on our apartment, which we have owned for the last ten years. We are just in the process of renting it, and have secured a tenant. We are now renting a house ourselves to give us more space. Do we have to inform our lender that we are now renting the apartment out, and could we lose our tracker?**

*Deirdre, Dublin*

Broadly speaking, renting out a property that has an owner-occupier mortgage is seen as altering the terms and conditions of the loan, meaning your bank could move you to a different rate. But the general consensus among brokers – and the indications from banks – is that it is a case-by-case thing.

Trevor Grant, a financial adviser with Let's Talk Finance and chairman of the Association of Expert Mortgage Advisers, said that "in reality, there are a large number of borrowers who no longer live in an original family home but still hold their tracker rate and the property is let".

"The lenders know this, but currently have enough on their plate to do anything about it," he said.

Grant said that while lenders could improve their margin by moving someone from a tracker to a buy-to-let rate, they might be reluctant to do so if "such a move might spark another mini arrears crisis".

Banks indicated that such scenarios would be considered on a case-by-case basis.

"KBC advises customers to first check with the bank or their solicitor and verify what changes are permissible in accordance with the terms of the mortgage," a spokeswoman for the lender said. "Depending on a customer's individual circumstances, any changes to the terms of the mortgage would be reviewed on a case-by-case basis."

AIB's spokeswoman said that the borrower was obliged to tell the bank that the property's occupancy had changed from owner occupier to tenant. "The bank would reserve the right to change the rate to the relevant buy-to-let rate," she said.

Ulster Bank's spokeswoman had a similar response. "As per the terms and conditions of the mortgage agreement, a customer is obliged to tell us about any changes to the property's occupancy," she said. "Any changes would need to be assessed and we maintain the right to change the mortgage rate."

According to a spokesman for Bank of Ireland, customers are "not allowed to part with possession without first obtaining written consent from the bank, which shall not be unreasonably withheld".

"Each customer has an individual mortgage contract with Bank of Ireland and we have and will continue to honour the terms and conditions of the tracker mortgage," he said.

Permanent TSB was unable to provide a response when asked about what would happen in this scenario.

Based on the responses from lenders, the first thing you need to do is go through your mortgage contract with a fine-tooth comb – getting independent advice perhaps, if you want extra guidance – and deciding whether your mortgage contract requires you to inform your lender of a change of occupancy, or not.

Depending on the answer to that question, you need to get in touch with your lender. Then it seems any possible rate change is a question of discussion. Best of luck.

**Email your financial questions to [yourmoney@sbpost.ie](mailto:yourmoney@sbpost.ie)**

*Emma Kennedy is Money Editor at The Sunday Business Post and a qualified financial adviser*



**The general consensus is that it is case-by-case**