


WHAT ARE EARLY REPAYMENT CHARGES (ERCS)?



Early Repayment Charges (ERCs) are fees you pay if you repay your mortgage early—whether by refinancing, selling your property, or making large overpayments.

ERCs compensate lenders for the interest they would have earned if you kept the mortgage for its full term.

1. WHEN DO ERCS APPLY?

- ERC Period (Tie-in Period): Usually applies during your fixed-rate or discounted-rate term, ranging from a few months to several years.
- Graduated ERCS:
 - Charges often decrease over time. For example:
 - Year 1: 5%, Year 2: 3%, Year 3: 1%

2. HOW ARE ERCS CALCULATED?

- Typically a percentage of your outstanding mortgage balance, e.g., 2% of £200,000 = £4,000.
- Some lenders calculate based on the difference between your original interest rate and current rates, multiplied by the remaining term.

3. REMORTGAGING & EXCEPTIONS

- Porting: Some lenders allow you to transfer your mortgage to a new property without incurring ERCS—but this is subject to approval.
- Always check your mortgage agreement for exact rules.

4. SHOULD YOU PAY IT?

- Compare the cost of ERCS vs. the potential savings of switching to a better deal.
- Speak to a mortgage adviser to explore all options.

Before making overpayments or remortgaging, calculate your ERCS and check if waiting until the end of your tie-in period could save you thousands.

We're here to support you every step of the way. Just get in touch and we'll take care of the rest!