

Call for clarity

SIGNING up for a home mortgage is one of those really big deals in life.

But even in these credit impaired times, it seems too few customers really know what they are signing up for.

A survey by comparison website helpmechoose.com.au found an alarming 74 per cent of first home buyers were relatively clueless about mortgages.

That includes not knowing some of the very important fundamentals such as the difference between fixed and variable rate loans, interest-only and principal and interest loans, the meaning of offset and redraw facilities and the impact of extra repayments on the home loan term.

Those refinancing knew more — probably from the school of hard knocks — but still 53 per cent were not up to speed about the basics of their loan.

Chief executive Nick Dalla Riva said banks and other lenders needed to urgently improve their communication with customers.

“Borrowers need greater clarity and insight. After all, they are entering into a partnership that can last more than a quarter of a century,” said Nick.