Remortgage vs Loan for Renovation Funding

Funding renovation works often comes down to two common routes: **remortgaging** your property or taking out a **separate loan**. Both can work, but they suit different budgets, timeframes, and project types.

A **remortgage** means replacing your current mortgage with a new deal, often borrowing extra at the same time. This can allow you to release funds for renovation and spread the cost over a longer period.

A **loan** for renovation funding is a separate borrowing arrangement, usually repaid over a shorter term. It can sit alongside your existing mortgage and may be useful when you do not want to disturb your current mortgage deal.

How they differ
A **remortgage** may suit:

- Larger renovation budgets
- Homeowners with sufficient equity
- Projects planned over the medium to long term
- Borrowers comfortable with adding costs to their mortgage balance

A **loan** may suit:

- Smaller or mid-sized projects
- Borrowers who want to preserve their current mortgage deal
- Jobs that need quick funding
- Those wanting to repay the borrowing over a shorter period

Points to consider
When comparing these routes, look at:

- Amount needed for the works
- Current mortgage rate and whether there are exit penalties
- Whether a new mortgage deal is competitive
- Loan term versus mortgage term
- Total cost of borrowing over time
- Arrangement fees, valuation fees, and legal costs if relevant
- Speed of access to funds
- Whether the project is urgent or planned

Pros and cons

Remortgage advantages

- May offer lower monthly repayments due to longer terms
- Can release larger sums
- Useful for major upgrades or full refurbishments

Remortgage drawbacks

- You may pay more interest overall over a long term
- Extra fees can apply
- Changing mortgage deals may not make sense if your current deal is strong

Loan advantages

- Faster and more straightforward in some cases
- Keeps your mortgage separate
- Can be better for smaller projects with shorter repayment plans

Loan drawbacks

- Monthly repayments may be higher
- Borrowing limit may be lower
- Rates may be higher depending on the product and borrower profile

Practical examples
A remortgage may be more suitable for an extension, full-house refurbishment, or structural works where the cost is significant.
A loan may be more suitable for a kitchen replacement, bathroom project, new windows, or staged works where the budget is more controlled.

Conclusion

A **remortgage** can be effective for bigger renovation projects where long-term repayment flexibility matters. A **loan** can be more practical for smaller or faster jobs where simplicity matters more than stretching costs over many years. The real decision should be based on the **full cost, fees, timing, and impact on your wider finances**, not just whichever headline payment looks smaller.