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Shariah-Compliant Bank Reduces Rental Rates on Buy-to-Let Finance

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Gatehouse Bank, a Shariah-compliant lender, has lowered its rental rates on Buy-to-Let (BTL) Purchase Plans by up to 0.20%, offering improved terms for landlords and property investors. The reductions apply to both two-year and five-year fixed options and cover Houses in Multiple Occupation (HMO) and Multi-Unit Freehold Blocks (MUFB). This move

offers some relief for landlords navigating rising costs and regulatory changes.

Operating under Islamic finance principles, Gatehouse Bank does not charge interest. Instead, it applies a rental rate based on the portion of the property owned by the bank. These latest reductions apply to UK-based landlords, including individuals and those using Special Purpose Vehicles (SPV) to manage their portfolios.

Following the adjustment, rental rates now start from 5.64% for two-year fixed plans at 80% finance-to-value (FTV), and 5.90% for five-year fixed terms. HMO and MUFB finance at 75% FTV now begin at 5.79% and 6.04% respectively. These rates are seen as highly competitive within the Shariah-compliant finance market and are likely to appeal to both new and existing landlords.

Gemma Donnelly, Head of Customer Propositions at Gatehouse Bank, noted that the changes reflect the bank's aim to support both homebuyers and landlords. She stated that the bank remains focused on helping customers achieve their property goals while maintaining a competitive and ethical offering.

This rate reduction follows a series of similar moves in recent months. In June, the bank cut rates on two-year plans for overseas residents, while earlier in the year, it introduced reductions for UK expats. These steps suggest a strategic effort to enhance the lender's presence across both domestic and international markets.

Property sector analysts see the latest cuts as a welcome development for landlords, many of whom face squeezed margins due to inflation,

regulatory burdens, and sluggish rental yields. The BTL sector has become increasingly difficult to navigate, particularly for those operating in higher-value or multi-unit markets.

By targeting both individual landlords and those operating through SPVs, Gatehouse Bank is reinforcing its role as a flexible lender offering ethical finance. Its approach may provide an alternative route for those seeking to expand or maintain portfolios without relying on conventional interest-based lending models.

In a market increasingly shaped by affordability and regulatory pressures, Gatehouse's competitive rental rates offer a pragmatic solution for landlords seeking sustainable growth.