Simplify™
Drive better™

Paying your new car with your mortgage.

The guide to avoid paying more for your next car.

Adding a car to your mortgage

Many home owners believe that using their home equity to purchase a new car is a great solution because they don't have to apply for a car loan and their mortgage repayments often stay the same.

It's easy to think paying for your new car with a mortgage top up is cheaper than other car finance options, with home loan interest rates the lowest we've seen in years - there are a few things to consider before you make that call.

The difference - Home loan vs car loan explained

If your new car costs $30,000 and added to the mortgage at 4.99% over a 30 year term. When you take into account compound interest over the term as opposed to the longest car loan term of 5 years, it can increase your total payments to over $29,000, even though the interest rate is a lot lower.

$30,000	4.99%	$29,234	**VS**	9.95%	$8,866	= **$20,368** SAVING
Car Cost	Home Loan Breakdown			Car Loan Breakdown		

Why you shouldn't put your car loan on the mortgage

Many home owners don't think twice about adding the purchase price of a car or even a holiday to their mortgage, but this is short-term thinking that can result in long-term problems.

#1 Cars don't go up in value

A car is not an appreciating asset unlike your property, so you will never get the extra money you pay back.

#2 You're in debt longer

The loan term really matters to the total amount you pay and banks want you to be in debt longer as they earn more.

#3 Additional fees

It's not always a cost-free option. Sometimes your bank makes you pay additional fees and refinance the loan.

#4 Stuck with an aging car.

Home owners feel that they will still be paying for the car for years after selling it, so they often do not upgrade.