

5 Signs It Might Be Time for a Refinancing Home Loan Review

I have been working in the mortgage space for close to fifteen years now, and if there is one question that comes up more than any other, it is this: "Should I refinance?" The answer, frustratingly, is almost never a straight yes or no. A refinancing home loan decision depends on your specific circumstances, the market, and what you are hoping to achieve. But after helping hundreds of borrowers through the process, I can tell you there are clear signs that a review is worth your time.

Refinancing is not just about chasing a lower rate. It can be about changing the structure of your debt, accessing equity for renovations, or consolidating other debts into one manageable payment. The trick is knowing when the timing is right and when it is better to stay put. Let me walk you through five situations where a refinancing home loan review usually makes sense.

1. Your Fixed Rate Is About to Expire

This is the single most common trigger I see. People lock in a great fixed rate for two or three years, and then that term ends. What happens next? They roll onto the lender's standard variable rate, which is often a full percentage point or more above what they were paying. That jump can add hundreds of dollars to your monthly repayment.

I remember a client in Mandurah who had a fixed rate at 2.09% back in 2021. When it expired in early 2024, the revert rate was 5.75%. That is a massive gap. We looked at the market and found a new variable rate around 5.15% with a different lender, plus a cashback offer that covered the discharge fees. The whole process saved them over \$150 a month. If your fixed term is ending in the next three months, start shopping around now. Do not wait until the day it expires.

[View the location on Google Maps](#)

2. Your Financial Situation Has Changed

Life does not stay still. You might have had a pay rise, started a business, or maybe your household income dropped. Each of these changes can shift what you qualify for and what you need from a loan. Refinancing is not just about lowering your rate. It can also be about adjusting your loan term, switching from interest-only to principal and interest, or accessing equity you have built up.

For example, a couple I worked with in the Peel region had both been working part-time when they bought their first home. Three years later, both were in full-time roles with better pay. Their

original lender had them on a high-rate product because their risk profile was higher at the time. With their improved income, they qualified for a prime rate and saved over \$200 a month. That is real money.

On the flip side, if your credit score has dropped or you have taken on new debt, refinancing might be harder. That is not a reason to avoid looking, though. Sometimes a smaller lender or a specialist product can still offer a better deal than your current one.

3. You Want to Consolidate Debt

Credit cards, personal loans, car loans, they all have higher interest rates than a mortgage. If you have equity in your home, rolling those debts into your home loan can reduce your overall interest cost and simplify your monthly payments. But be careful. This only works if you stop using the credit cards afterwards. I have seen people consolidate their debt, free up their credit limits, and then rack up new debt on top of the old. That is a fast track to being worse off.

That said, when done responsibly, debt consolidation through a [refinancing home loan](#) can be a powerful tool. You replace multiple high-interest repayments with one lower-rate mortgage repayment. The key is to keep the loan term the same or shorter, so you are not paying more interest over the long run. And always check for any early repayment fees on your current loan, they can eat into your savings.

4. The Market Has Shifted

Interest rates move. Lenders change their appetites. New products appear. What was a competitive deal two years ago might be average today. I recommend reviewing your loan at least once a year, even if everything feels fine. The difference between an average rate and a good rate can be 0.3% to 0.5%. On a \$400,000 loan, that is around \$100 to \$170 a month.

But do not just look at the interest rate. Look at the features. Does your current loan have an offset account? Free redraw? Ability to make extra repayments without penalty? Some of the lower rates come with fewer features, and that might cost you more in the long run if you like having flexibility. There is always a trade-off. A no-frills loan with a rock-bottom rate can be great if you are disciplined, but if you need the flexibility of an offset account, a slightly higher rate might actually save you money overall.

Also, keep an eye on cashback offers. Many lenders offer \$2,000 to \$4,000 to cover your switching costs. That can make a big difference to the upfront cost of refinancing. Just read the fine print, some offers have clawback clauses if you leave within a certain period.

5. You Are Planning Major Changes

Maybe you are thinking about renovating, buying an investment property, or helping a child buy their first home. All of these can involve accessing the equity in your current home. Refinancing can free up that equity, either by increasing your loan amount or by switching to a product that allows you to draw down on your equity more easily.

I had a client in Wannanup who wanted to build a granny flat for her elderly parents. She had plenty of equity but her current lender did not offer a construction loan product. We refinanced to a lender that did, and she was able to draw down funds in stages as the build progressed. That kind of tailored product is not something you get with a standard loan.

Similarly, if you are planning to move from a variable rate to a fixed rate, or vice versa, refinancing is the mechanism. The key is to time it well. Fixed rates can be attractive when they are low, but they lock you in. If you think you might sell or pay off the loan early, the break costs can sting.

When Not to Refinance

For balance, here are a couple of situations where refinancing might not be the right move. If you have a very small loan balance, say under \$100,000, the savings from a lower rate might not cover the upfront costs. Similarly, if your credit score has dropped significantly, you might not qualify for a better rate anyway. And if you are planning to sell within the next year, the switching costs usually outweigh the benefits.

There is also the question of loan term. If you refinance and extend your term back to 30 years, you might lower your monthly payment but pay more interest over the life of the loan. That is fine if cash flow is your main concern, but it is worth understanding the trade-off.

Final Thoughts

Refinancing is not a one-size-fits-all solution. It is a tool, and like any tool, it works best when used for the right job. The borrowers who get the most out of it are the ones who take the time to compare offers, read the fine print, and think about their long-term goals. If you are unsure, a good mortgage broker can help you weigh the costs and benefits without any pressure.

If you are in the Mandurah or Peel region and want to talk through your options, feel free to reach out. Wanna Finance, based at 42 Ferguson St, Wannanup, can be reached at 0413 999 286 for a no-obligation chat about your situation.