

## Press Release

# UK FINANCE PUBLISHES MORTGAGE PRODUCT TRANSFER FIGURES – Q1 2018

Date: 26.07.2018

Industry figures on mortgage product transfers published for the first time by UK Finance have revealed:

- 297,900 homeowners switched product with their existing provider (product transfers) in the first quarter of 2018.
- By value, this represents £38.8bn of mortgage debt refinanced internally. These figures do not feature in any market data on remortgaging, or other published gross mortgage lending data.
- Of the total number of product transfers, 149,700 transfers, worth £19.9bn, were conducted on an advised basis and 148,100 transfers, worth £18.9bn, were execution-only.

\*Numbers in this release were revised on 29 November 2018 to reflect data resubmissions.

### **Commenting on the data, Jackie Bennett, Director of Mortgages at UK Finance said:**

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These figures echo the FCA's findings in its interim Mortgages Market Study: customer engagement is high and the majority of mortgage customers switch to a new deal shortly after their previous deal expires. Our data also supports the FCA's observation that most borrowers choose to remain with their current lender when they switch product.

It's a positive outcome for consumers that they can make these transactions in a wide variety of ways to suit their needs. Borrowers who know exactly the product they want can elect to switch quickly and efficiently through the execution-only route.

But, for those who require help in choosing the right product, mortgage advice is widely available through both direct channels and from intermediaries, with more than half of borrowers taking advice for their new deal.

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**Ends**

## Notes to Editor

1. UK Finance is a trade association formed on 1 July 2017 to represent the finance and banking industry operating in the UK. It represents around 250 firms in the UK providing credit, banking, markets and payment-related services. The new organisation brings together most of the activities previously carried out by the Asset Based Finance Association, the British Bankers' Association, the Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and the UK Cards Association.
2. The data shown is for first charge homeowner mortgages only, and excludes buy-to-let. Figures are reported by UK Finance mortgage members accounting for approximately 90% of residential balances outstanding and presented here on a grossed-up basis from that sample to reflect total market size.
3. Product transfers are transactions where the borrower moves to a new deal rate with the same lender, without changing any other terms of the mortgage that would trigger a new Regulated Mortgage Contract (RMC). These transactions do not feature in any mortgage lending figures published by either the Bank of England or the Financial Conduct Authority (FCA).
4. UK Finance plans to publish product transfer figures on a quarterly basis on its website. The exact date and format for the next publication are still to be confirmed.

## Q&A

### **Why has UK Finance chosen to start publishing this data?**

There is significant interest around customer retention and choice in the mortgage market with the Financial Conduct Authority's (FCA) interim Mortgage Market Study finding that competition in the market is working well for many people and most borrowers choose to remain with their current lender when they switch product.

As a result, UK Finance has been working closely with its members to produce robust figures on mortgage product transfers, helping improve transparency around switching behaviours. This is a new data set published for the first time as UK Finance now has sufficient market coverage. Future data will be published quarterly.

### **Is more comprehensive or historic data on mortgage product transfers available? Do you have a breakdown of the number of product switches carried out by brokers and by providers?**

This is the full extent of the data that UK Finance is able to provide.

### **Do execution-only product transfers mean that borrowers are not getting the best deal?**

This is all about consumer choice. Execution-only transactions allow borrowers who know exactly the product they want to switch products quickly and efficiently. For those who require help in

choosing the right product, mortgage advice is widely available both through direct channels and from intermediaries, with more than half of borrowers taking advice for their new deal.

**How many customers couldn't refinance externally, i.e. are so-called 'mortgage prisoners' who are struggling to switch to a better deal?**

This is not measured by this set of data. UK Finance has noted the FCA's points regarding perceived areas of weaknesses within the market, particularly around customers who currently may be unable to switch products. We will be working through the FCA's recommendations and continuing to engage closely with the regulator over the coming weeks as we respond to the consultation.

For more information please call the UK Finance press office on 020 7416 6750 or email [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk)

UK Finance is the collective voice for the banking and finance industry.

Representing more than 250 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.