



UK
FINANCE

Interest-only Mortgages Update



Release date: 24 June 2020

INTEREST-ONLY MORTGAGE BOOK SHRINKS AGAIN

NUMBER OF INTEREST-ONLY LOANS CONTINUES TO FALL

- There were 1,023,000 pure interest-only homeowner mortgages outstanding at the end of 2019, 8.9 per cent fewer than in 2018.
- In addition there were 318,000 partial interest-only (part and part) homeowner mortgages outstanding at the end of 2019, 11.7 per cent fewer than in 2018.
- The total interest-only mortgage stock (including part and part) has reduced by 58 per cent in number and 47 per cent in value since 2012 (when these data were first collected).
- In particular, the number of interest-only loans at higher (over 75 per cent) loan-to-values (LTV) fell by 26.0 per cent in 2019. Loans at these higher LTVs now make up 11 per cent of the total, compared to 13 per cent in 2018 and 36 per cent in 2012.
- Additionally, the number of interest-only loans set to mature by 2020 shrank by 72,000 in 2019 to just 54,000 loans, a fall of 57.1 per cent.

Commenting on the data, Eric Leenders, Managing Director of Personal Finance, UK Finance said:

"Mortgage lenders have been actively contacting customers with interest only mortgages to help them to consider their options ahead of the point where balance of the mortgage falls due. This has helped many customers to better manage their money and since 2012, the number of interest-only mortgage holders has gone down by 58 per cent, with the value of these loans almost halved. Additionally the number of interest-only loans at a higher loan-to-value has also decreased by a quarter in 2019 alone.

"Like many homeowners at this time, interest-only customers are managing through the hugely uncertain impact of Covid-19 and the industry has a plan to help, so we would recommend that customers contact their lender if they are worried about their finances to discuss the support available to them."

Notes to Editor

1 For more information please call the UK Finance press office on 020 7416 6750 or mail press@ukfinance.org.uk.

2 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.

3 The data shown is for first charge homeowner mortgages only. Figures are reported by most UK Finance mortgage members and presented on a grossed-up basis from that sample to reflect total market size.

4 Figures exclude lifetime mortgages and retirement interest-only mortgages, both of which have no scheduled maturity date, and also excludes any loans which are owned by unregulated entities for which we do not hold data.

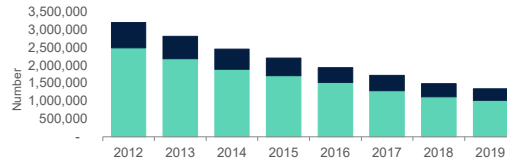
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Total interest-only mortgages

Number of mortgages outstanding

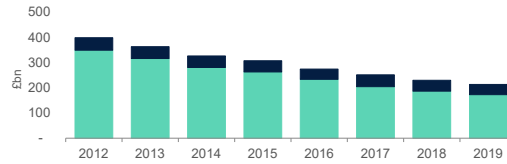
Number of first charge homeowner interest-only mortgage loans outstanding



	Latest (2019)	Y-o-Y comparison
Pure interest-only	1,023,000	-9%
Part and part	318,000	-12%

Value of mortgages outstanding

Value of first charge homeowner interest-only mortgage loans outstanding

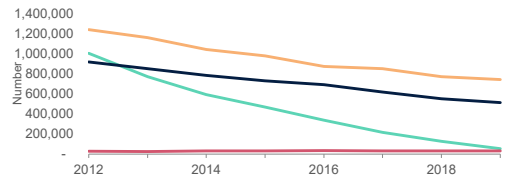


	Latest (2019)	Y-o-Y comparison
Pure interest-only	£172 bn	-8%
Part and part	£41 bn	-5%

Maturity profile

Number of mortgages outstanding split by maturity date

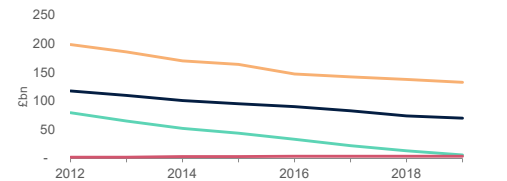
Number of first charge homeowner interest-only mortgage loans outstanding, split by maturity date



	Latest (2019)	Y-o-Y comparison
Up to 2020	54,000	-57%
2021-2027	513,000	-7%
2028 and beyond	743,000	-4%
Term-expired	32,000	3%

Value of mortgages outstanding split by maturity date

Value of first charge homeowner interest-only mortgage loans outstanding, split by maturity date

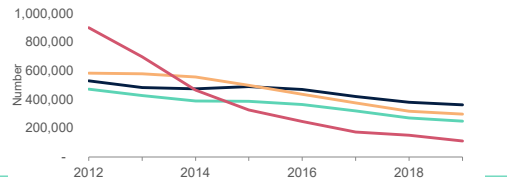


	Latest (2019)	Y-o-Y comparison
Up to 2020	£6 bn	-54%
2021-2027	£70 bn	-5%
2028 and beyond	£133 bn	-4%
Term-expired	£4 bn	0%

Loan to value profile

Number of mortgages outstanding split by current loan-to-value ratio

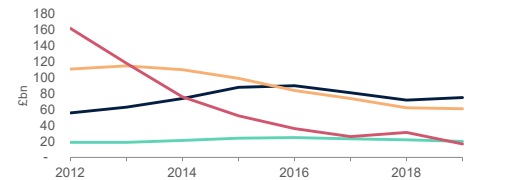
Number of first charge homeowner interest-only mortgage loans outstanding, split by current loan-to-value ratio



	Latest (2019)	Y-o-Y comparison
<25%	249,000	-8%
25%-50%	363,000	-5%
50%-75%	300,000	-6%
>75%	111,000	-26%

Value of mortgages outstanding split by current loan-to-value ratio

Value of first charge homeowner interest-only mortgage loans outstanding, split by current loan-to-value ratio



	Latest (2019)	Y-o-Y comparison
<25%	£20 bn	-9%
25%-50%	£75 bn	4%
50%-75%	£61 bn	-2%
>75%	£17 bn	-45%

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Total outstanding		2012	2013	2014	2015	2016	2017	2018	2019	Source table
Number of interest-only mortgages outstanding	Pure interest-only	2,494,000	2,188,000	1,895,000	1,711,000	1,520,000	1,293,000	1,123,000	1,023,000	MM24
	Part and part	705,000	623,000	559,000	498,000	420,000	429,000	360,000	318,000	MM24
Value of interest-only mortgages outstanding (£bn)	Pure interest-only	349	316	281	263	234	204	186	172	MM24
	Part and part	50	47	45	44	40	47	43	41	MM24

Total interest only mortgages by maturity date		2012	2013	2014	2015	2016	2017	2018	2019	Source table
Up to 2020	Number	1,006,000	772,000	593,000	468,000	338,000	217,000	126,000	54,000	MM25
	Value (£bn)	80	65	52	44	33	22	13	6	MM25
2021-2027	Number	922,000	851,000	785,000	730,000	692,000	620,000	552,000	513,000	MM25
	Value (£bn)	118	110	101	95	90	83	74	70	MM25
2028 and beyond	Number	1,244,000	1,163,000	1,044,000	980,000	876,000	853,000	774,000	743,000	MM25
	Value (£bn)	199	186	170	164	147	142	138	133	MM25
Term-expired	Number	27,000	26,000	32,000	31,000	34,000	32,000	31,000	32,000	MM25
	Value (£bn)	2	2	3	3	4	4	4	4	MM25

Pure interest only mortgages by current LTV		2012	2013	2014	2015	2016	2017	2018	2019	Source table
<25%	Number	474,000	428,000	389,000	387,000	366,000	320,000	272,000	249,000	MM26
	Value (£bn)	19	19	21	24	25	23	22	20	MM26
25%-50%	Number	532,000	485,000	474,000	491,000	471,000	421,000	382,000	363,000	MM26
	Value (£bn)	56	63	74	88	90	81	72	75	MM26
50%-75%	Number	585,000	579,000	558,000	500,000	438,000	377,000	319,000	300,000	MM26
	Value (£bn)	111	115	110	99	84	74	62	61	MM26
>75%	Number	903,000	698,000	466,000	328,000	246,000	174,000	150,000	111,000	MM26
	Value (£bn)	162	118	76	52	36	26	31	17	MM26

UK Finance publishes aggregate information on mortgages based on data supplied by our members, and grossed up to estimate total market size.

Source data tables are available to UK Finance members or data associates from www.ukfinance.org.uk/industry-data-tables/.
For information or enquiries, please contact ukfstatistics@ukfinance.org.uk

For media enquiries, journalists should contact press@ukfinance.org.uk

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