

Mortgage Arrears and Possessions



Release date: 14 November 2019

UK Finance: Mortgage Arrears and Possessions Update Quarter 3 2019

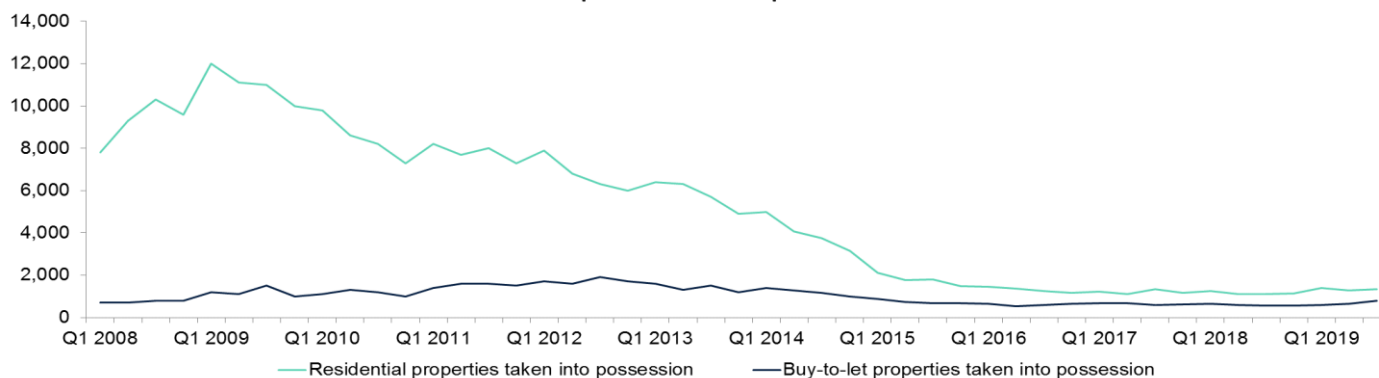
The proportion of homeowner mortgages in arrears remains at historically low levels, with the vast majority of borrowers continuing to repay their mortgages in full and on time each month. There were 71,590 homeowner mortgages (0.79 per cent of all residential mortgages outstanding) in arrears of 2.5 per cent or more of the outstanding balance in the third quarter of 2019, nine per cent fewer than in the same quarter of 2018. Within the total, there were 22,300 homeowner mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance), eight per cent fewer than in the same quarter of 2018.

1,330 homeowner mortgaged properties were taken into possession in the third quarter of 2019, 19 per cent more than in the same quarter of the previous year, but well below the levels seen between 2009 and 2014 (see chart below). This slight increase in possessions has been driven in part by a backlog of historic cases which are being processed in line with the latest regulatory requirements*. Lenders continue to show flexibility to borrowers in financial difficulty and possession is always a last resort.

There were 4,550 buy-to-let mortgages (0.23 per cent of all buy-to-let mortgages outstanding) in arrears of 2.5 per cent or more of the outstanding balance in the third quarter of 2019, five per cent fewer than in the same quarter of the previous year. Within the total, there were 1,170 buy-to-let mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance). This was one per cent fewer than in the same quarter of the previous year.

800 buy-to-let mortgaged properties were taken into possession in the third quarter of 2019, 40 per cent greater than in the same quarter of the previous year. This increase is driven in part by a backlog of historic cases which are being processed on the same basis as the latest regulatory requirements*. Lenders continue to show flexibility to borrowers in financial difficulty and possession is always a last resort.

Properties taken into possession



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

4 Arrears and possessions figures are for the UK as a whole. There is no breakdown of data for English regions or for individual countries in the UK.

5* In 2017, the FCA introduced new guidance (FG17/4) on the treatment of customers with mortgage payment shortfalls, including the way firms calculate these customers' monthly mortgage instalments. Lenders have been reviewing a large number of cases on an individual basis in line with this guidance, applying for possession only when all other options have been exhausted. The FCA guidance can be found here: <https://www.fca.org.uk/publications/finalised-guidance/fg17-4-fair-treatment-mortgage-customers-payment-shortfall>

6 The Ministry of Justice publishes mortgage and landlord possession statistics, which can be found here: <https://www.gov.uk/government/collections/mortgage-and-landlord-possession-statistics>. These include quarterly national statistics on possession claim actions in county courts by mortgage lenders and social and private landlords.

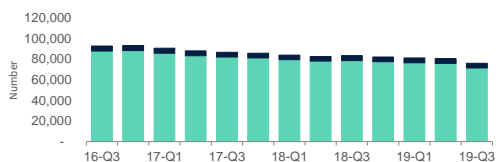
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Mortgage Arrears

Number of mortgages in arrears

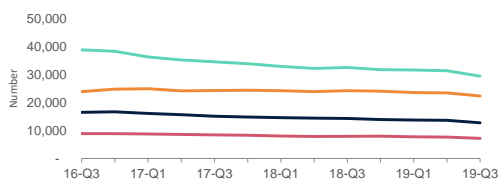
Number of first charge mortgage loans in arrears representing over 2.5% of the outstanding balance



	Latest (19-Q3)	Y-o-Y comparison
Homeowners	71,590	-9%
Buy-to-let	4,550	-5%

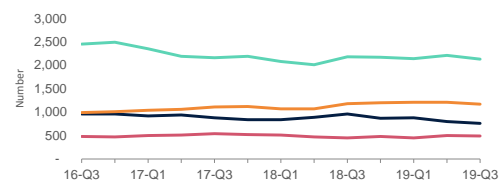
Number of homeowner mortgages within arrears bands

Number of first charge homeowner mortgage loans in arrears, split by severity of arrears.



Number of buy-to-let mortgages within arrears bands

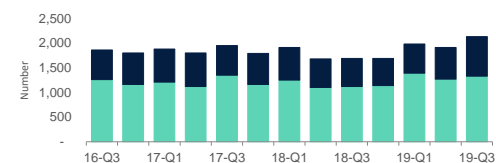
Number of first charge buy-to-let mortgage loans in arrears, split by severity of arrears.



Mortgage Possessions

Number of mortgage possessions

Number of possessions of first charge mortgaged properties in period



	Latest (19-Q3)	Y-o-Y comparison
Homeowners	1,330	19%
Buy-to-let	800	40%

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Mortgages outstanding (000s)		16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	Source table
Number of mortgages outstanding (000s)	Homeowners	9,230	9,210	9,210	9,160	9,160	9,110	9,080	9,070	9,050	9,030	9,020	9,030	9,010	AP2
	Buy-to-let	1,850	1,860	1,860	1,870	1,880	1,890	1,900	1,900	1,920	1,930	1,930	1,930	1,950	AP2
Mortgages in arrears (number)		16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	Source table
Arrears of 2.5%-5% of balance	Homeowners	38,790	38,270	36,220	35,200	34,480	33,810	32,900	32,140	32,500	31,730	31,610	31,320	29,380	AP2
	Buy-to-let	2,450	2,490	2,350	2,190	2,160	2,190	2,080	2,010	2,180	2,170	2,140	2,210	2,130	AP2
Arrears of 5%-7.5% of balance	Homeowners	16,450	16,660	16,100	15,630	15,050	14,810	14,590	14,380	14,260	13,900	13,730	13,620	12,730	AP2
	Buy-to-let	960	960	920	940	880	840	840	890	960	870	880	800	760	AP2
Arrears of 7.5%-10% of balance	Homeowners	8,880	8,860	8,730	8,600	8,420	8,290	8,000	7,870	7,880	7,970	7,760	7,630	7,180	AP2
	Buy-to-let	480	470	500	510	540	520	510	470	450	480	450	500	490	AP2
Arrears over 10% of balance	Homeowners	23,890	24,760	24,880	24,130	24,250	24,380	24,180	23,850	24,180	24,020	23,540	23,390	22,300	AP2
	Buy-to-let	990	1,010	1,040	1,060	1,110	1,120	1,070	1,070	1,180	1,200	1,210	1,210	1,170	AP2
All arrears of over 2.5% of balance	Homeowners	88,010	88,550	85,930	83,560	82,200	81,290	79,670	78,240	78,820	77,620	76,640	75,960	71,590	AP2
	Buy-to-let	4,880	4,930	4,810	4,700	4,690	4,670	4,500	4,440	4,770	4,720	4,680	4,720	4,550	AP2
Mortgages in arrears (% of mortgages outstanding)		16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	Source table
Arrears of 2.5%-5% of balance	Homeowners	0.42%	0.42%	0.39%	0.38%	0.38%	0.37%	0.36%	0.35%	0.36%	0.35%	0.35%	0.35%	0.33%	AP2
	Buy-to-let	0.13%	0.13%	0.13%	0.12%	0.11%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	AP2
Arrears of 5%-7.5% of balance	Homeowners	0.18%	0.18%	0.17%	0.17%	0.16%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.14%	AP2
	Buy-to-let	0.05%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	AP2
Arrears of 7.5%-10% of balance	Homeowners	0.10%	0.10%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	AP2
	Buy-to-let	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	AP2
Arrears over 10% of balance	Homeowners	0.26%	0.27%	0.27%	0.26%	0.26%	0.27%	0.27%	0.26%	0.27%	0.27%	0.26%	0.26%	0.25%	AP2
	Buy-to-let	0.05%	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	AP2
All arrears of over 2.5% of balance	Homeowners	0.95%	0.96%	0.93%	0.91%	0.90%	0.89%	0.88%	0.86%	0.87%	0.86%	0.85%	0.84%	0.79%	AP2
	Buy-to-let	0.26%	0.27%	0.26%	0.25%	0.25%	0.25%	0.24%	0.23%	0.25%	0.24%	0.24%	0.24%	0.23%	AP2
Mortgage possessions (number)		16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	Source table
	Homeowners	1,260	1,160	1,210	1,120	1,350	1,160	1,250	1,100	1,120	1,140	1,390	1,270	1,330	AP4
	Buy-to-let	600	640	670	680	600	630	660	580	570	550	590	640	800	AP4

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.cml.org.uk/industry-data/industry-data-tables/. For information or enquiries, please contact ukstatistics@ukfinance.org.uk

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

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