

Mortgage Arrears and Possessions



Release date: 12 August 2021

UK Finance: Mortgage Arrears and Possessions Update Quarter 2 2021

Total mortgage arrears remain close to historically low levels due to the mitigating effects of payment deferrals and other tailored forbearance, as shown in the chart below. Early trends shows that arrears are moving on twin tracks; Covid-19 related support has helped customers to remain out of arrears but those in pre-pandemic financial difficulty have continued to build up arrears, notwithstanding the application of payment deferrals.

From March 2020 - 31 March 2021, lenders offered payment deferrals of up to 6 months to customers and buy-to-let landlords where Covid-19 had impacted their ability to meet their monthly mortgage payments, with a total of 2.9 million granted while the scheme was active. For most borrowers who took one, payment deferrals provided a short-term solution to a change in their economic circumstances due to the Covid-19 pandemic, allowing mortgage borrowers to defer payments to meet other financial commitments. While the Covid-19 payment deferral scheme has now ended, lenders are continuing to offer tailored forbearance and support to borrowers who continue to need help meeting their mortgage payments.

It remains the case that mortgage payment deferrals have helped to support customers who were not in financial difficulty at the beginning of the pandemic to remain out of arrears, as borne out in the data. Overall, there was a reduction of 1,370 mortgages in arrears compared to the previous quarter, with a total of 76,270 homeowner mortgages in arrears of 2.5 per cent or more of the outstanding balance.

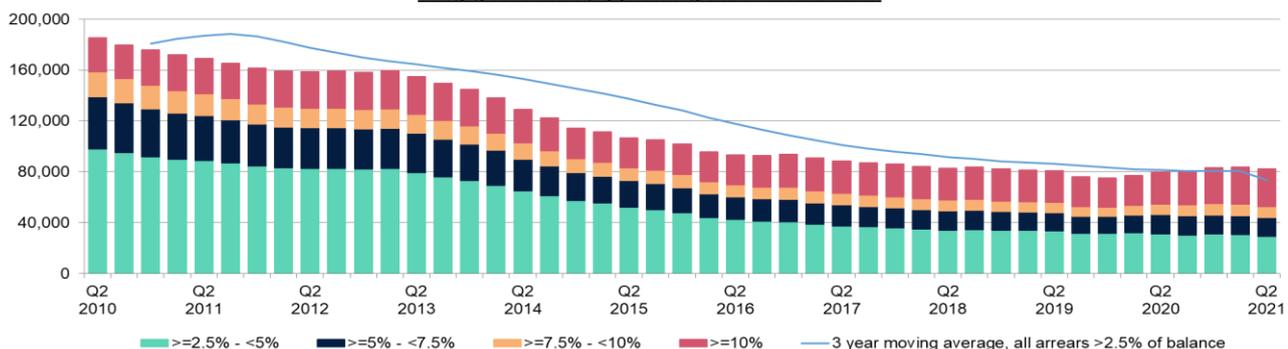
Within the total, there were 26,560 homeowner mortgages in early arrears (those between 2.5 and 5 per cent of balance in arrears), a decrease of 5 per cent on the previous quarter. Over the same period in 2020, the number of mortgages in early arrears increased modestly, largely due to payment difficulties caused by the first lockdown prior to payment deferrals being introduced. Since then, payment deferrals provided those borrowers who found themselves in early arrears with the ability to pay these off. These actions resulted in an overall decline in early homeowner arrears over the course of 2020, with the number of cases in Q2 2021 remaining lower than the number of cases before the Covid-19 pandemic began. The winding-down of the Job Retention Scheme by end September 2021 may have an impact on this decline. However, as lenders continue to offer forbearance, we anticipate that the early arrears will increase at a gradual pace as the economic impacts of the pandemic continue to unfold.

Within the overall total, there were 27,910 homeowner mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance), an increase of 630 on the previous quarter. This figure has slowly increased since Q1 2020, but from a low base. These increases are largely driven by customers with more complex circumstances who had several missed payments before the pandemic. These borrowers may have made use of the full six months of payment deferrals and are most likely receiving or (in need of) the help available through lenders' tailored forbearance support. Customers who are facing financial difficulty are encouraged to contact their lender early, as they stand by ready to help.

There were a total of 6,020 buy-to-let mortgages in arrears of 2.5 per cent or more of the outstanding balance in the second quarter of 2021, a small increase of 50 on the previous quarter. The continued small increases in buy-to-let arrears from a low base are likely due to the Covid-19 pandemic. Lenders are continuing to support buy-to-let customers with payment difficulties resulting from Covid-19.

Only 210 homeowner mortgaged properties and 230 buy-to-let mortgaged properties were taken into possession in the second quarter of 2021. It is important to note that year-on-year comparisons will look unusually large due to the Possession Moratorium that was in place from March 2020 - 1 April 2021. No involuntary possessions took place in this period. There were only 90 more possession cases in Q2 2021 than the quarter before. Government restrictions on evictions were in place until 31 May 2021 in England and 30 June 2021 in Wales. Additionally, lenders continue to prioritise those requiring urgent resolution due to vulnerability or where it is of benefit to the customer. This means that we do not expect significant increases in possessions immediately following the lifting of the Possessions Moratorium and restrictions on evictions. Instead, possessions are expected to increase slowly as the backlog of cases from 2020 unwind. Possession is always a last resort after tailored support is exhausted and a thorough court-based process has carefully considered the borrower's individual circumstances.

Mortgages in arrears, by percentage of balance in arrears



Commenting on the data, [Eric Leenders, Managing Director of Personal Finance at UK Finance](#), said:

"The mortgage payment deferral scheme continued to help customers throughout Q2 2021, resulting in a decline in early arrears on the previous quarter and lower levels than before the pandemic began."

"The scheme has now come to an end and the majority of customers who used it have now returned to making regular payments. There is ongoing support for anyone who is still struggling, including tailored assistance and any customer who is concerned about their finances should contact their lender early to discuss the options and tailored 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 More information on the support lenders are able to provide to customers can be found in our blog here: <https://www.ukfinance.org.uk/news-and-insight/blogs/help-remains-available-anyone-worried-about-paying-their-mortgage>

More information on the possession process can be found in our blog here: <https://www.ukfinance.org.uk/news-and-insight/blogs/mortgage-protections-exist-lenders-may-need-look-for-possession>

4 Following material changes to the mortgage market as a result of the Covid-19 pandemic, UK Finance has reformatted the Mortgage Arrears & Possessions update to focus on and include quarter-on-quarter movement in the data, in addition to year-on-year movement. This change has been made in order to accurately represent recent changes in the market and to make fewer comparisons to markets in materially different circumstances.

5 It is important to note that if a customer who is already in arrears takes a payment deferral, those arrears will not increase while the deferral is in place. However, these customers will still be captured within our figures and, once they exit the deferral, any subsequent missed payments would give rise to increases in the arrears balance as normal.

6 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.

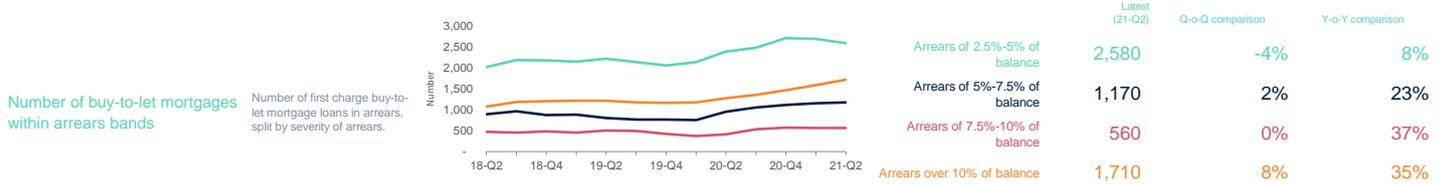
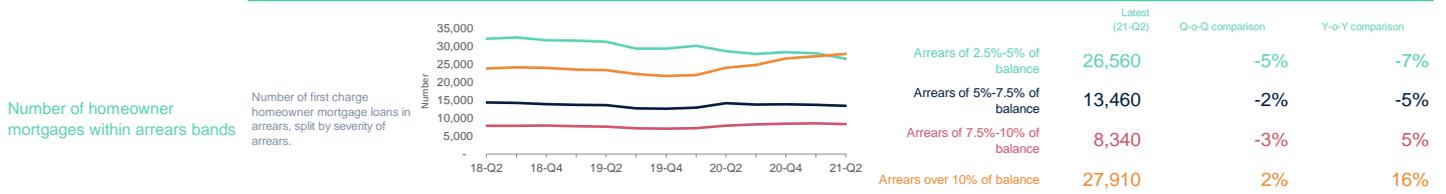
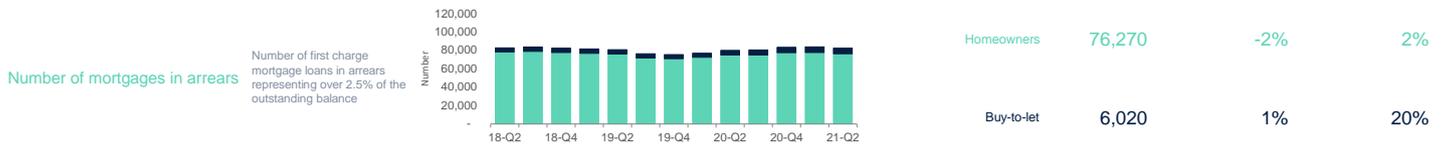
7 Arrears and possessions figures are for the UK as a whole. There is no breakdown of data for English regions or for individual countries in the UK.

8 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.

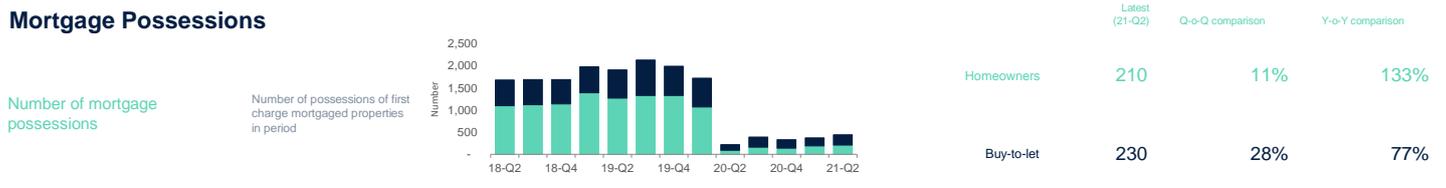
Next update:

11 November 2021

Mortgage Arrears



Mortgage Possessions



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Mortgages outstanding (000s)		18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	Source table
Number of mortgages outstanding (000s)	Homeowners	9,070	9,050	9,030	9,020	9,030	9,010	9,040	9,020	8,990	8,980	9,000	9,000	9,010	AP2
	Buy-to-let	1,900	1,910	1,920	1,930	1,930	1,940	1,950	1,970	1,970	1,980	1,990	2,010	2,020	AP2
Mortgages in arrears (number)		18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	Source table
Arrears of 2.5%-5% of balance	Homeowners	32,140	32,500	31,730	31,610	31,320	29,380	29,380	30,170	28,670	27,910	28,400	28,100	26,560	AP2
	Buy-to-let	2,010	2,180	2,170	2,140	2,210	2,130	2,050	2,130	2,380	2,470	2,700	2,680	2,580	AP2
Arrears of 5%-7.5% of balance	Homeowners	14,380	14,260	13,900	13,730	13,620	12,730	12,640	12,920	14,180	13,800	13,870	13,700	13,460	AP2
	Buy-to-let	890	960	870	880	800	760	760	750	950	1,050	1,110	1,150	1,170	AP2
Arrears of 7.5%-10% of balance	Homeowners	7,870	7,880	7,970	7,760	7,630	7,180	7,080	7,220	7,920	8,280	8,480	8,560	8,340	AP2
	Buy-to-let	470	450	480	450	500	490	420	370	410	530	570	560	560	AP2
Arrears over 10% of balance	Homeowners	23,850	24,180	24,020	23,540	23,390	22,300	21,770	22,040	24,060	24,860	26,660	27,280	27,910	AP2
	Buy-to-let	1,070	1,180	1,200	1,210	1,210	1,170	1,160	1,170	1,270	1,350	1,460	1,580	1,710	AP2
All arrears of over 2.5% of balance	Homeowners	78,240	78,820	77,620	76,640	75,960	71,590	70,870	72,350	74,830	74,850	77,410	77,640	76,270	AP2
	Buy-to-let	4,440	4,770	4,720	4,680	4,720	4,550	4,390	4,420	5,010	5,400	5,840	5,970	6,020	AP2
Mortgages in arrears (% of mortgages outstanding)		18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	Source table
Arrears of 2.5%-5% of balance	Homeowners	0.35%	0.36%	0.35%	0.35%	0.35%	0.33%	0.33%	0.33%	0.32%	0.31%	0.32%	0.31%	0.29%	AP2
	Buy-to-let	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%	0.14%	0.13%	0.13%	AP2
Arrears of 5%-7.5% of balance	Homeowners	0.16%	0.16%	0.15%	0.15%	0.15%	0.14%	0.14%	0.14%	0.16%	0.15%	0.15%	0.15%	0.15%	AP2
	Buy-to-let	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	0.06%	0.06%	0.06%	AP2
Arrears of 7.5%-10% of balance	Homeowners	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.09%	0.09%	0.09%	0.10%	0.09%	AP2
	Buy-to-let	0.02%	0.02%	0.03%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	AP2
Arrears over 10% of balance	Homeowners	0.26%	0.27%	0.27%	0.26%	0.26%	0.25%	0.24%	0.24%	0.27%	0.28%	0.30%	0.30%	0.31%	AP2
	Buy-to-let	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.07%	0.07%	0.08%	0.08%	AP2
All arrears of over 2.5% of balance	Homeowners	0.86%	0.87%	0.86%	0.85%	0.84%	0.79%	0.78%	0.80%	0.83%	0.83%	0.86%	0.86%	0.85%	AP2
	Buy-to-let	0.23%	0.25%	0.25%	0.24%	0.24%	0.23%	0.23%	0.22%	0.25%	0.27%	0.29%	0.30%	0.30%	AP2
Mortgage possessions (number)		18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	Source table
	Homeowners	1,100	1,120	1,140	1,390	1,270	1,330	1,330	1,070	90	160	140	190	210	AP4
	Buy-to-let	580	570	550	590	640	800	660	650	130	230	190	180	230	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.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

Next update: 11 November 2021