

Mortgage Arrears and Possessions



Release date: 12 November 2020

UK Finance: Mortgage Arrears and Possessions Update Quarter 3 2020

Since March, mortgage lenders have been offering payment deferrals to customers and buy-to-let landlords where Covid-19 has impacted their ability to meet their monthly mortgage payments, with mortgage arrears remaining low in 2020 as a result. Over 2.6 million mortgage payment deferrals have been approved to date, with just under 140,000 still in place at the end of October.

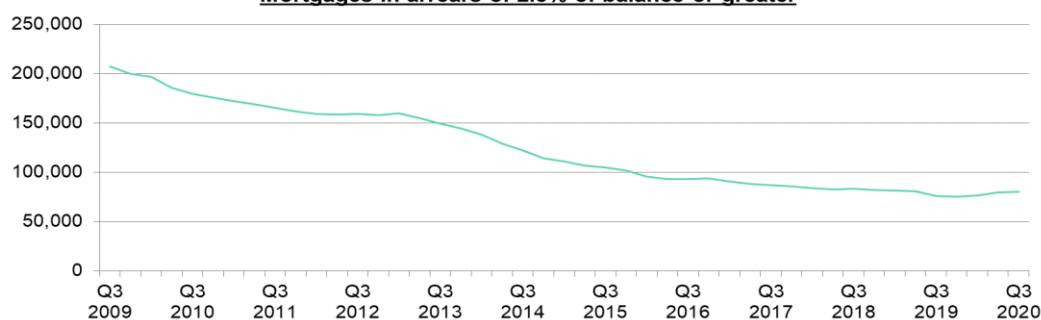
Lenders are continuing to support customers through payment difficulties resulting from Covid-19. More information can be found by contacting your lender directly or visiting your lender's website.

There were 74,850 homeowner mortgages in arrears of 2.5 per cent or more of the outstanding balance in the third quarter of 2020, 5 per cent greater than in the same quarter of the previous year. Within the total, there were 24,860 homeowner mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance). Early homeowner arrears (those less than 5 per cent of balance in arrears) have declined in Q3 2020 as lender support (primarily in the form of payment deferrals) has helped borrowers keep up to date with their mortgage payments. While later arrears (those more than 7.5 per cent of balance in arrears) have increased in 2020, the new levels of these arrears are still significantly lower than those levels seen in previous years. Overall, arrears levels in 2020 remain near to the historically low levels of arrears we have seen in the last three years, as shown in the chart below.

There were 5,400 buy-to-let mortgages in arrears of 2.5 per cent or more of the outstanding balance in the third quarter of 2020, 19 per cent greater than in the same quarter of the previous year. Within the total, there were 1,350 buy-to-let mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance). This recent increase in buy-to-let arrears is from a low-base, with current levels remaining lower than seen in previous years.

160 homeowner mortgaged properties and 230 buy-to-let mortgaged properties were taken into possession in the third quarter of 2020, 88 per cent and 71 per cent fewer, respectively, than in the same quarter of the previous year. Following the industry moratorium on involuntary possessions, these low possessions numbers in Q3 2020 for the most part reflect cases where the customer requested the possession to go ahead or where the property was vacant.

Mortgages in arrears of 2.5% of balance or greater



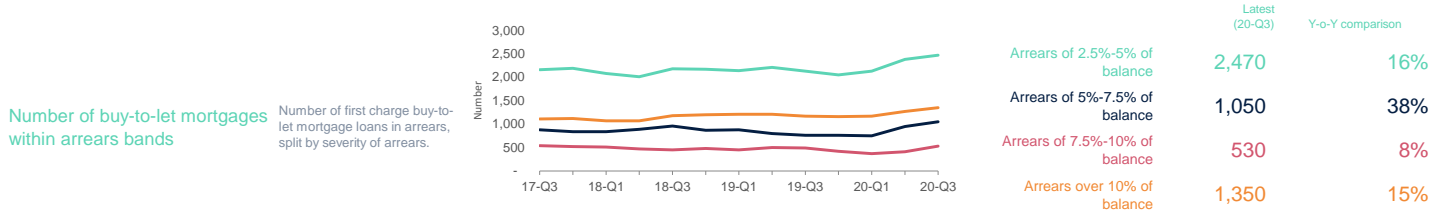
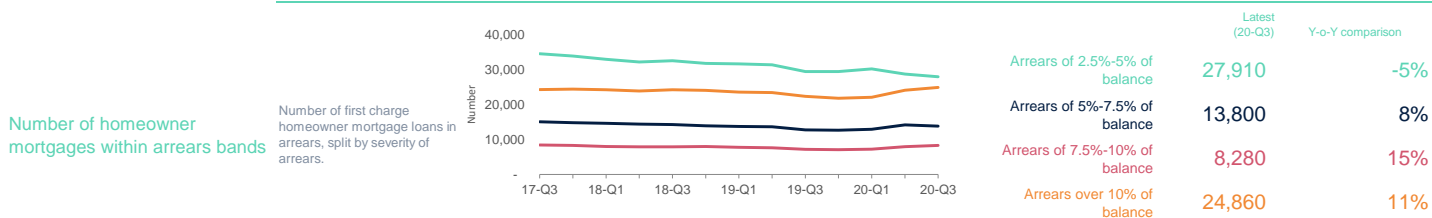
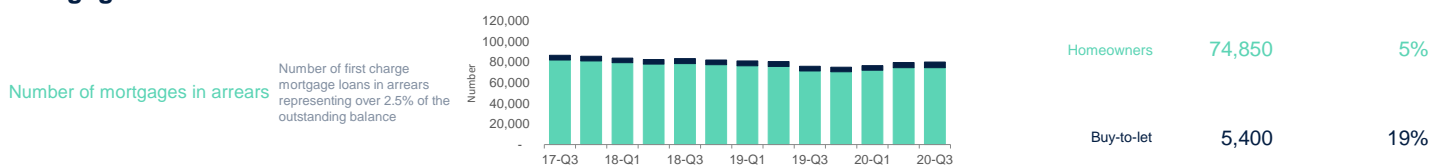
Notes to Editor

- For more information please call the UK Finance press office on 020 7416 6750 or mail 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.
- Arrears figures for Q2 2020 have been revised due to improvements to methodology.
- 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.
- 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.
- 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. The MoJ figures include second-charge mortgages, whereas UK Finance figures do not.
- Data on number of payment deferrals in place reflects position as at the end of 30th October 2020.

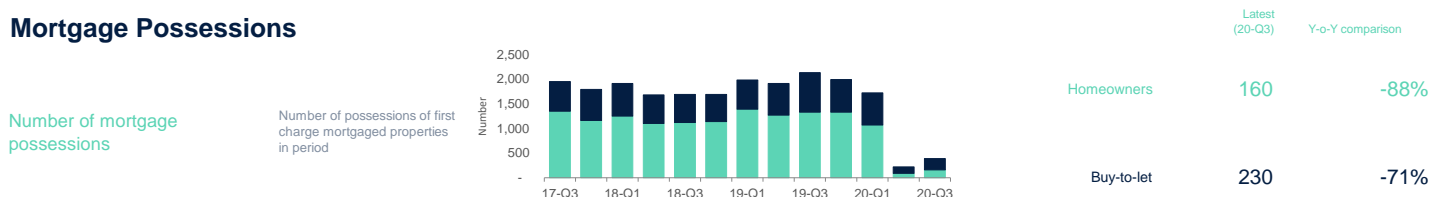
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Mortgage Arrears



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Mortgages outstanding (000s)		17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	Source table
Number of mortgages outstanding (000s)	Homeowners	9,160	9,110	9,080	9,070	9,050	9,030	9,020	9,030	9,010	9,040	9,020	8,990	8,980	AP2
	Buy-to-let	1,880	1,890	1,890	1,900	1,910	1,920	1,930	1,930	1,940	1,950	1,970	1,970	1,980	AP2
Mortgages in arrears (number)		17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	Source table
Arrears of 2.5%-5% of balance	Homeowners	34,480	33,810	32,900	32,140	32,500	31,730	31,610	31,320	29,380	29,380	30,170	28,670	27,910	AP2
	Buy-to-let	2,160	2,190	2,080	2,010	2,180	2,170	2,140	2,210	2,130	2,050	2,130	2,380	2,470	AP2
Arrears of 5%-7.5% of balance	Homeowners	15,050	14,810	14,590	14,380	14,260	13,900	13,730	13,620	12,730	12,640	12,920	14,180	13,800	AP2
	Buy-to-let	880	840	840	890	960	870	880	800	760	760	750	950	1,050	AP2
Arrears of 7.5%-10% of balance	Homeowners	8,420	8,290	8,000	7,870	7,880	7,970	7,760	7,630	7,180	7,080	7,220	7,920	8,280	AP2
	Buy-to-let	540	520	510	470	450	480	450	500	490	420	370	410	530	AP2
Arrears over 10% of balance	Homeowners	24,250	24,380	24,180	23,850	24,180	24,020	23,540	23,390	22,300	21,770	22,040	24,060	24,860	AP2
	Buy-to-let	1,110	1,120	1,070	1,070	1,180	1,200	1,210	1,210	1,170	1,160	1,170	1,270	1,350	AP2
All arrears of over 2.5% of balance	Homeowners	82,200	81,290	79,670	78,240	78,820	77,620	76,640	75,960	71,590	70,870	72,350	74,830	74,850	AP2
	Buy-to-let	4,690	4,670	4,500	4,440	4,770	4,720	4,680	4,720	4,550	4,390	4,420	5,010	5,400	AP2
Mortgages in arrears (% of mortgages outstanding)		17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	Source table
Arrears of 2.5%-5% of balance	Homeowners	0.38%	0.37%	0.36%	0.35%	0.36%	0.35%	0.35%	0.35%	0.33%	0.33%	0.33%	0.32%	0.31%	AP2
	Buy-to-let	0.11%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%	AP2
Arrears of 5%-7.5% of balance	Homeowners	0.16%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.14%	0.14%	0.14%	0.16%	0.15%	AP2
	Buy-to-let	0.05%	0.04%	0.04%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	AP2
Arrears of 7.5%-10% of balance	Homeowners	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.09%	0.09%	AP2
	Buy-to-let	0.03%	0.03%	0.03%	0.02%	0.02%	0.03%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	0.03%	AP2
Arrears over 10% of balance	Homeowners	0.26%	0.27%	0.27%	0.26%	0.27%	0.27%	0.26%	0.26%	0.25%	0.24%	0.24%	0.27%	0.28%	AP2
	Buy-to-let	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.07%	AP2
All arrears of over 2.5% of balance	Homeowners	0.90%	0.89%	0.88%	0.86%	0.87%	0.86%	0.85%	0.84%	0.79%	0.78%	0.80%	0.83%	0.83%	AP2
	Buy-to-let	0.25%	0.25%	0.24%	0.23%	0.25%	0.25%	0.24%	0.24%	0.23%	0.23%	0.22%	0.25%	0.27%	AP2
Mortgage possessions (number)		17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	Source table
Homeowners	Homeowners	1,350	1,160	1,250	1,100	1,120	1,140	1,390	1,270	1,330	1,330	1,070	90	160	AP4
	Buy-to-let	600	630	660	580	570	550	590	640	800	660	650	130	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.cml.org.uk/industry-data/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 February 2021