

# Mortgage Arrears and Possessions



Release date: 13 August 2020

## UK Finance: Mortgage Arrears and Possessions Update Quarter 2 2020

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 Q2 2020 as a result. Over two million mortgage payment deferrals have been approved to date, with just under one million still in place as borrowers begin to exit their payment deferral arrangements and resume monthly payments.

There were 73,580 homeowner mortgages in arrears of 2.5 per cent or more of the outstanding balance in the second quarter of 2020, 3 per cent fewer than in the same quarter of the previous year. Within the total, there were 22,840 homeowner mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance). This was 2 per cent fewer than in the same quarter of the previous year. The number of homeowner arrears increased in Q1 2020, likely due to the early effects of covid-19, and have remained at similar levels in Q2 2020. These levels of arrears remain significantly lower than those seen in previous years.

There were 5,000 buy-to-let mortgages in arrears of 2.5 per cent or more of the outstanding balance in the second quarter of 2020, 6 per cent greater than in the same quarter of the previous year. Within the total, there were 1,270 buy-to-let mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance). This was 5 per cent greater than in the same quarter of the previous year. This recent increase in buy-to-let arrears is relatively small and from a low-base, and is likely due to the early effects of covid-19. Again, these levels of arrears remain lower than seen in previous years.

90 homeowner mortgaged properties and 130 buy-to-let mortgaged properties were taken into possession in the second quarter of 2020, some 93 per cent and 80 per cent fewer, respectively, than in the same quarter a year earlier. Following the industry moratorium on involuntary possessions, these low possessions numbers in Q2 2020 reflect cases where the customer requested the possession to go ahead or where the property was vacant.

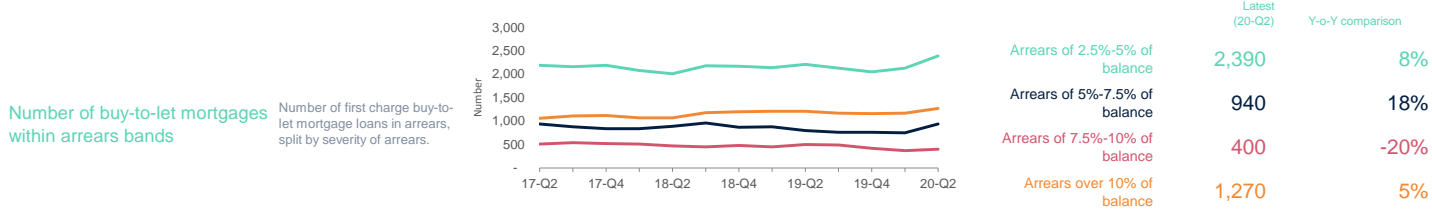
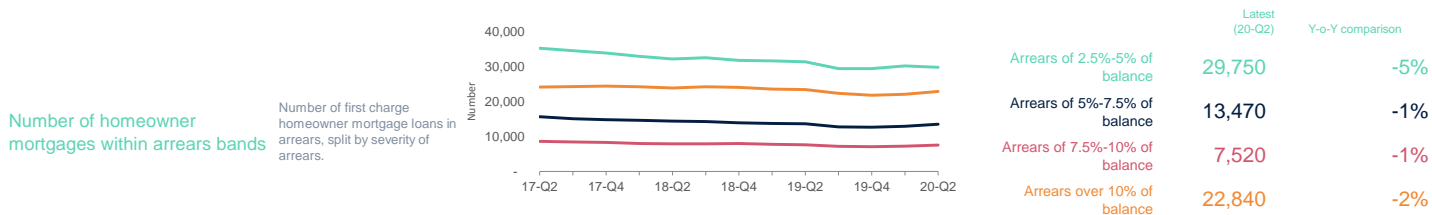
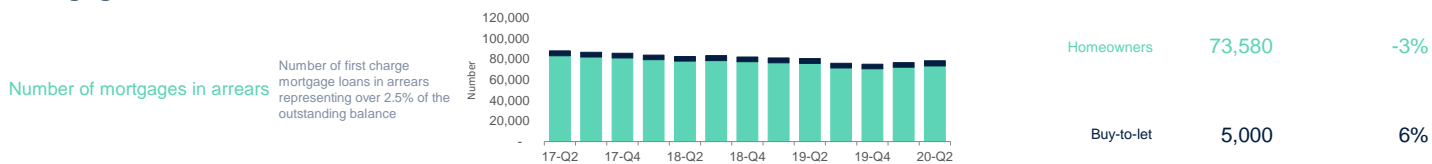
### Notes to Editor

- 1 For more information please call the UK Finance press office on 020 7416 6750 or mail [press@ukfinance.org.uk](mailto: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.
- 7 Information on the measures introduced to support mortgage customers impacted by Covid-19 is available here: <https://www.ukfinance.org.uk/covid-19/support-mortgage-customers>. These measures include:
  - A moratorium on residential and buy-to-let possession action, giving customers reassurance that they will not have their homes repossessed at this difficult time.
  - Offering payment holidays to customers who have been affected by the coronavirus and all buy-to-let landlords whose tenants have lost income because of the impact of Covid-19, with landlords expected to pass on this relief to their tenants to ensure that they are supported during this time. Over 2 million mortgage payment holidays have been granted to date with just under one million still in place.
- 8 Data on number of payment deferrals in place reflects position as at the end of 10th July 2020.

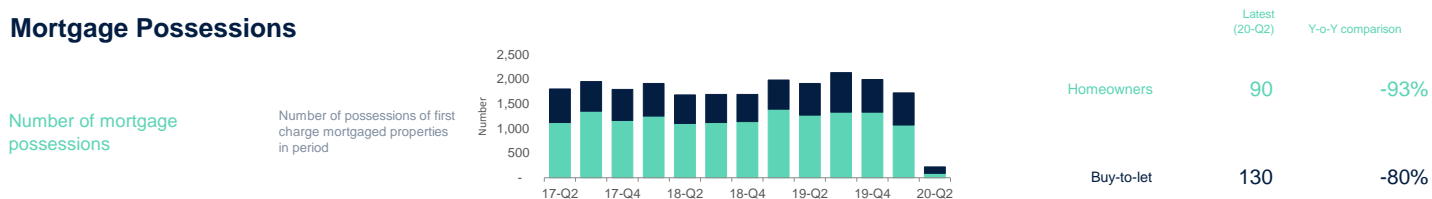
Next update:

12 November 2020

## Mortgage Arrears



## Mortgage Possessions



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<b>Mortgages outstanding (000s)</b>		17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	Source table
Number of mortgages outstanding (000s)	Homeowners	9,160	9,160	9,110	9,080	9,070	9,050	9,030	9,020	9,030	9,010	9,040	9,020	8,990	AP2
	Buy-to-let	1,870	1,880	1,890	1,890	1,900	1,910	1,920	1,930	1,930	1,940	1,950	1,970	1,970	AP2
<b>Mortgages in arrears (number)</b>		17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	Source table
Arrears of 2.5%-5% of balance	Homeowners	35,200	34,480	33,810	32,900	32,140	32,500	31,730	31,610	31,320	29,380	29,380	30,170	29,750	AP2
	Buy-to-let	2,190	2,160	2,190	2,080	2,010	2,180	2,170	2,140	2,210	2,130	2,050	2,130	2,390	AP2
Arrears of 5%-7.5% of balance	Homeowners	15,630	15,050	14,810	14,590	14,380	14,260	13,900	13,730	13,620	12,730	12,640	12,920	13,470	AP2
	Buy-to-let	940	880	840	840	890	960	870	880	800	760	760	750	940	AP2
Arrears of 7.5%-10% of balance	Homeowners	8,600	8,420	8,290	8,000	7,870	7,880	7,970	7,760	7,630	7,180	7,080	7,220	7,520	AP2
	Buy-to-let	510	540	520	510	470	450	480	450	500	490	420	370	400	AP2
Arrears over 10% of balance	Homeowners	24,130	24,250	24,380	24,180	23,850	24,180	24,020	23,540	23,390	22,300	21,770	22,040	22,840	AP2
	Buy-to-let	1,060	1,110	1,120	1,070	1,070	1,180	1,200	1,210	1,210	1,170	1,160	1,170	1,270	AP2
All arrears of over 2.5% of balance	Homeowners	83,560	82,200	81,290	79,670	78,240	78,820	77,620	76,640	75,960	71,590	70,870	72,350	73,580	AP2
	Buy-to-let	4,700	4,690	4,670	4,500	4,440	4,770	4,720	4,680	4,720	4,550	4,390	4,420	5,000	AP2
<b>Mortgages in arrears (% of mortgages outstanding)</b>		17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	Source table
Arrears of 2.5%-5% of balance	Homeowners	0.38%	0.38%	0.37%	0.36%	0.35%	0.36%	0.35%	0.35%	0.35%	0.33%	0.33%	0.33%	0.33%	AP2
	Buy-to-let	0.12%	0.11%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	AP2
Arrears of 5%-7.5% of balance	Homeowners	0.17%	0.16%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.14%	0.14%	0.14%	0.15%	AP2
	Buy-to-let	0.05%	0.05%	0.04%	0.04%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%	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%	0.09%	0.08%	0.08%	0.08%	0.08%	0.08%	AP2
	Buy-to-let	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%	0.03%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	AP2
Arrears over 10% of balance	Homeowners	0.26%	0.26%	0.27%	0.27%	0.26%	0.27%	0.27%	0.26%	0.26%	0.25%	0.24%	0.24%	0.25%	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%	0.06%	AP2
All arrears of over 2.5% of balance	Homeowners	0.91%	0.90%	0.89%	0.88%	0.86%	0.87%	0.86%	0.85%	0.84%	0.79%	0.78%	0.80%	0.82%	AP2
	Buy-to-let	0.25%	0.25%	0.25%	0.24%	0.23%	0.25%	0.25%	0.24%	0.24%	0.23%	0.23%	0.22%	0.25%	AP2
<b>Mortgage possessions (number)</b>		17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	Source table
Homeowners	Homeowners	1,120	1,350	1,160	1,250	1,100	1,120	1,140	1,390	1,270	1,330	1,330	1,070	90	AP4
	Buy-to-let	680	600	630	660	580	570	550	590	640	800	660	650	130	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/](http://www.cml.org.uk/industry-data/industry-data-tables/).

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