

Mortgage Arrears and Possessions



Release date: 13 May 2021

UK Finance: Mortgage Arrears and Possessions Update Quarter 1 2021

Mortgage arrears remain near to the historically low levels as in Q4 2020, as a direct result of payment deferrals and other tailored forbearance, as shown in the chart below. Our blog (<https://www.ukfinance.org.uk/news-and-insight/blogs/help-remains-available-anyone-worried-about-paying-their-mortgage>) outlines how the supports provided by lenders to customers continues to impact the arrears and possessions figures. 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 almost 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. For borrowers who need additional support beyond the six month payment deferral, lenders are continuing to offer tailored forbearance.

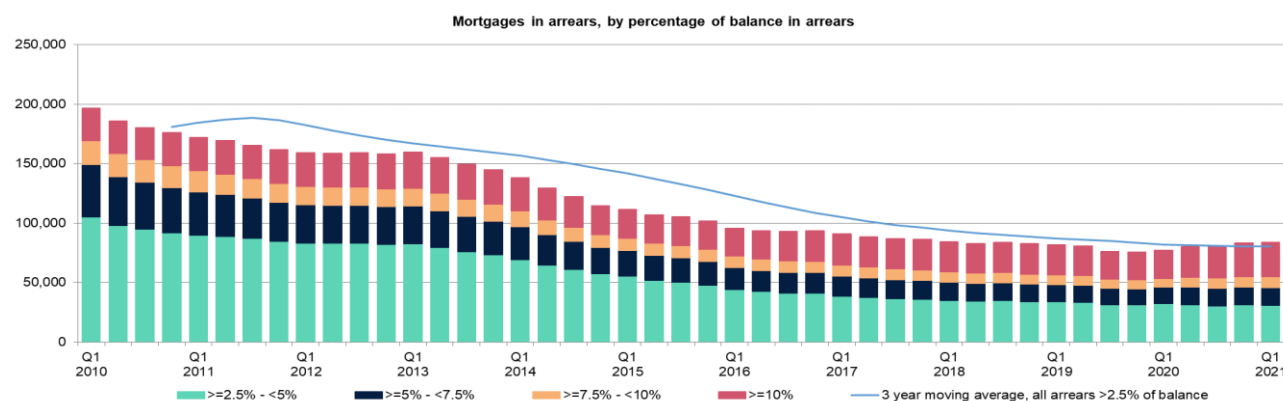
It continues to be the case that mortgage payment deferrals have helped to support customers who were not in financial difficulty at the beginning of the pandemic to remain out of arrears, as borne out in the data. There was a small increase of 230 mortgages in arrears compared to the previous quarter, with a total of 77,640 homeowner mortgages in arrears of 2.5 per cent or more of the outstanding balance.

Within the total, there were 28,100 homeowner mortgages in early arrears (those between 2.5 and 5 per cent of balance in arrears), a decrease of 1 per cent on the previous quarter. Over the same period in 2020, the number of mortgages in early arrears increased modestly, largely due to early payment difficulties prior to payment deferrals being introduced. Since then, payment deferrals allowed borrowers who had found themselves in early arrears to pay these off and prevented additional borrowers from going into arrears. This resulted in an overall decline in early homeowner arrears over the course of 2020, with the number of cases in Q1 2021 remaining lower than the number of cases before the Covid-19 pandemic began. As lenders continue to offer forbearance, we anticipate that the number of early arrears will increase gradually as the economic impacts of the pandemic unfolds.

Within the overall total, there were 27,280 homeowner mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance), an increase of 620 on the previous quarter. This figure has slowly increased since Q1 2020 but from a low base. These increases are largely driven by customers 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 5,970 buy-to-let mortgages in arrears of 2.5 per cent or more of the outstanding balance in the first quarter of 2021, a small increase of 130 on the previous quarter. The continued small increases in buy-to-let arrears from a low base are again due to the Covid-19 pandemic. Lenders are continuing to support customers through payment difficulties resulting from Covid-19.

Only 190 homeowner mortgaged properties and 180 buy-to-let mortgaged properties were taken into possession in the first quarter of 2021. Although FCA guidance allowed firms to recommence litigation activity from November 2020, lenders voluntarily committed to pause possessions in line with the Government's 'winter truce' from 11 December 2020 to 11 January 2021. There were 40 more possession cases in Q1 2021 than the quarter before, where the customer requested the possession to go ahead or where the property was vacant. Possessions will remain low until government restrictions on Bailiff activity ends. Possessions are expected to increase due to the backlog of cases that did not occur in 2020; these cases will have been in train before the pandemic began. Possession is always a last resort after a thorough court-based process has carefully considered the borrower's individual circumstances.



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

"While there was a slight rise in total arrears in Q1 2021 compared to the historic low levels seen before the pandemic, the additional support from lenders has helped many mortgage customers stay out of arrears.

"With the economic impact of Covid-19 continuing to be felt, we anticipate there will be further increases in mortgage arrears during 2021. 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 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.

4 The latest published statistics for covid-19 related payment deferrals can be found here: <https://www.ukfinance.org.uk/press/press-releases/Lenders-continue-commitment-to-supporting-mortgagecustomers-into-2021>

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.

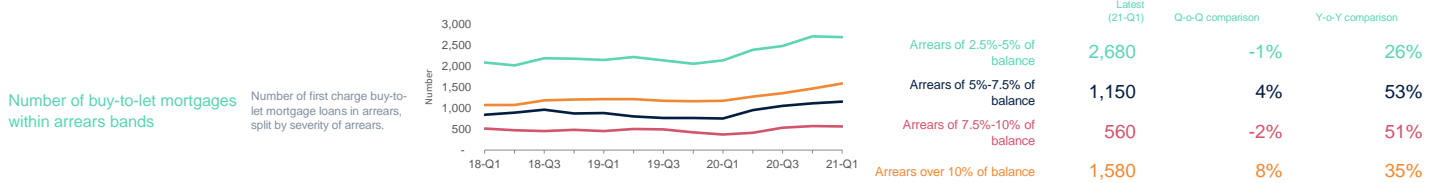
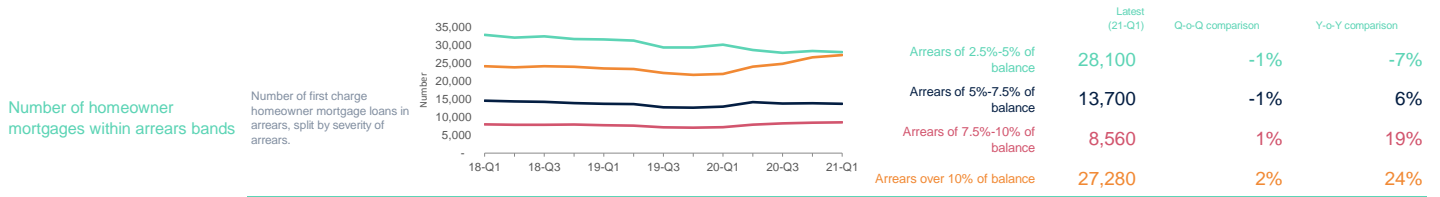
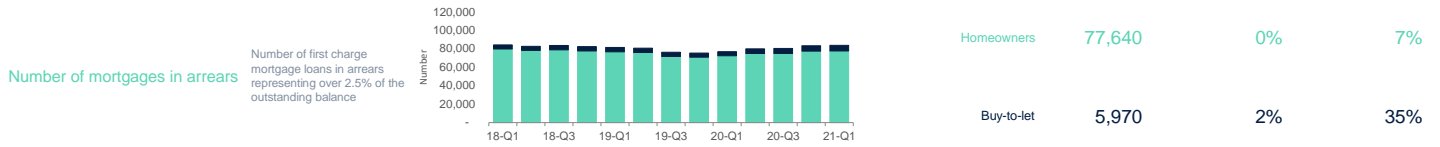
7 Arrears and possessions figures are for the UK as a whole. There is no breakdown of data for English regions or for individual countries in the UK.

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.

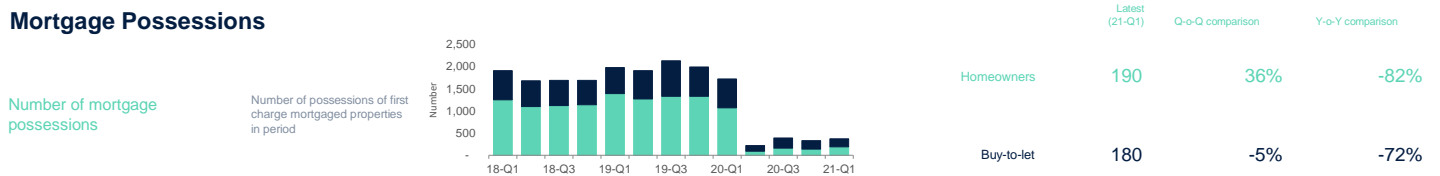
Next update:

12 August 2021

Mortgage Arrears



Mortgage Possessions



Next update: 12 August 2021

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Mortgages outstanding (000s)		18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	Source table
Number of mortgages outstanding (000s)	Homeowners	9,080	9,070	9,050	9,030	9,020	9,030	9,010	9,040	9,020	8,990	8,980	9,000	9,000	AP2
	Buy-to-let	1,890	1,900	1,910	1,920	1,930	1,930	1,940	1,950	1,970	1,970	1,980	1,990	2,010	AP2
Mortgages in arrears (number)		18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	Source table
Arrears of 2.5%-5% of balance	Homeowners	32,900	32,140	32,500	31,730	31,610	31,320	29,380	29,380	30,170	28,670	27,910	28,400	28,100	AP2
	Buy-to-let	2,080	2,010	2,180	2,170	2,140	2,210	2,130	2,050	2,130	2,380	2,470	2,700	2,680	AP2
Arrears of 5%-7.5% of balance	Homeowners	14,590	14,380	14,260	13,900	13,730	13,620	12,730	12,640	12,920	14,180	13,800	13,870	13,700	AP2
	Buy-to-let	840	890	960	870	880	800	760	760	750	950	1,050	1,110	1,150	AP2
Arrears of 7.5%-10% of balance	Homeowners	8,000	7,870	7,880	7,970	7,760	7,630	7,180	7,080	7,220	7,920	8,280	8,480	8,560	AP2
	Buy-to-let	510	470	450	480	450	500	490	420	370	410	530	570	560	AP2
Arrears over 10% of balance	Homeowners	24,180	23,850	24,180	24,020	23,540	23,390	22,300	21,770	22,040	24,060	24,860	26,660	27,280	AP2
	Buy-to-let	1,070	1,070	1,180	1,200	1,210	1,210	1,170	1,160	1,170	1,270	1,350	1,460	1,580	AP2
All arrears of over 2.5% of balance	Homeowners	79,670	78,240	78,820	77,620	76,640	75,960	71,590	70,870	72,350	74,830	74,850	77,410	77,640	AP2
	Buy-to-let	4,500	4,440	4,770	4,720	4,680	4,720	4,550	4,390	4,420	5,010	5,400	5,840	5,970	AP2
Mortgages in arrears (% of mortgages outstanding)		18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	Source table
Arrears of 2.5%-5% of balance	Homeowners	0.36%	0.35%	0.36%	0.35%	0.35%	0.35%	0.33%	0.33%	0.33%	0.32%	0.31%	0.32%	0.31%	AP2
	Buy-to-let	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%	0.14%	0.13%	AP2
Arrears of 5%-7.5% of balance	Homeowners	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.14%	0.14%	0.14%	0.16%	0.15%	0.15%	0.15%	AP2
	Buy-to-let	0.04%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	0.06%	0.06%	AP2
Arrears of 7.5%-10% of balance	Homeowners	0.09%	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.09%	0.09%	0.09%	0.10%	AP2
	Buy-to-let	0.03%	0.02%	0.02%	0.03%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	AP2
Arrears over 10% of balance	Homeowners	0.27%	0.26%	0.27%	0.27%	0.26%	0.26%	0.25%	0.24%	0.24%	0.27%	0.28%	0.30%	0.30%	AP2
	Buy-to-let	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.07%	0.07%	0.08%	AP2
All arrears of over 2.5% of balance	Homeowners	0.88%	0.86%	0.87%	0.86%	0.85%	0.84%	0.79%	0.78%	0.80%	0.83%	0.83%	0.86%	0.86%	AP2
	Buy-to-let	0.24%	0.23%	0.25%	0.25%	0.24%	0.24%	0.23%	0.23%	0.22%	0.25%	0.27%	0.29%	0.30%	AP2
Mortgage possessions (number)		18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	Source table
Homeowners	Homeowners	1,250	1,100	1,120	1,140	1,390	1,270	1,330	1,330	1,070	90	160	140	190	AP4
	Buy-to-let	660	580	570	550	590	640	800	660	650	130	230	190	180	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 ukfstistics@ukfinance.org.uk

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

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