

Mortgage Arrears and Possessions



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UK Finance: Mortgage Arrears and Possessions Update Quarter 4 2021

The number of customers in arrears with their mortgages continued to tick down in the fourth quarter, despite the Coronavirus Job Retention Scheme coming to a close in September. Possessions have also fallen in the final three months of 2021, following a year of increases from a low base, helped by an industry moratorium on possessions over the festive period.

Overall, there were 79,620 homeowner mortgages in arrears of 2.5 per cent or more of the outstanding balance at the end of December 2021, a reduction of 750 homeowner mortgages compared with the previous quarter. This is five per cent lower than the same period a year prior.

Within the total, there were 26,850 homeowner mortgages in early arrears (those between 2.5 and 5 per cent of balance in arrears), a decrease of two per cent on the previous quarter and 14 per cent fewer than the same period in 2020. These early arrears figures remain substantially lower than the numbers seen before the pandemic began.

Also within the total, there were 30,010 homeowner mortgages with more significant arrears (representing ten per cent or more of the outstanding balance), 350 more cases than the previous quarter. This figure has risen - from a low base - since Q1 2020, although the rate of increase has slowed. These customers, who were already in relatively deep arrears positions prior to the pandemic, will likely have made use of the full six months of Covid-19 payment deferrals scheme and are equally likely to be receiving (or in need of) further support through lenders' tailored forbearance options. Customers who are facing financial difficulty are encouraged to contact their lender early, as they stand ready to help.

There were a total of 6,010 buy-to-let mortgages in arrears of 2.5 per cent or more of the outstanding balance in the fourth quarter of 2021 – an increase of two per cent compared with the previous quarter but one per cent down on the number a year previously.

There were 390 homeowner mortgaged properties and 320 buy-to-let mortgaged properties taken into possession in the final quarter of 2021. It is important to note that year-on-year comparisons will look unusually large due to the Possession Moratorium from March 2020 - 1 April 2021, over which period no enforced possessions took place. In absolute terms, there were 20 fewer possessions in Q4 2021 compared with the previous quarter. The voluntary possessions moratorium ended on 4 January 2022, and the number of possessions will now gradually increase as the courts resume working through the backlog of cases accumulated over the first moratorium. It is important to note that these borrowers had been in financial difficulty prior to the pandemic. 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.

Commenting on the data, Eric Leenders, Managing Director of Personal Finance at UK Finance, said:

"It is encouraging to see that, at the end of a second year of economic and social upheaval, arrears have remained low and have in fact continued to trend down, even after the removal of government support for household incomes at the end of September. The industry moratorium in December ensured that possessions remained suppressed through the fourth quarter. However, there remains a material backlog of possessions cases, dating back to before the pandemic, which will be resolved through this year. This will see possessions increase gradually through 2022 as this process is managed.

"Looking ahead, rising inflation and planned increases in National Insurance contributions are likely to squeeze household budgets through this year, creating upward pressure on arrears numbers. Additionally, any further Bank Rate rises in response to inflation will lead to increased mortgage payments for some, although the majority of borrowers are currently on fixed rates and will see no increase whilst on these rates. Despite these additional pressures, responsible lending rules in place since 2014 ensure that mortgages taken out since then have a built-in affordability buffer to cushion borrowers against shocks to income and payments, which will moderate the extent of increases in arrears.

"Lenders continue to provide tailored forbearance and support to borrowers who need help and, as always, we encourage anyone experiencing financial difficulty to contact their finance provider as soon as possible to discuss options available."

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.

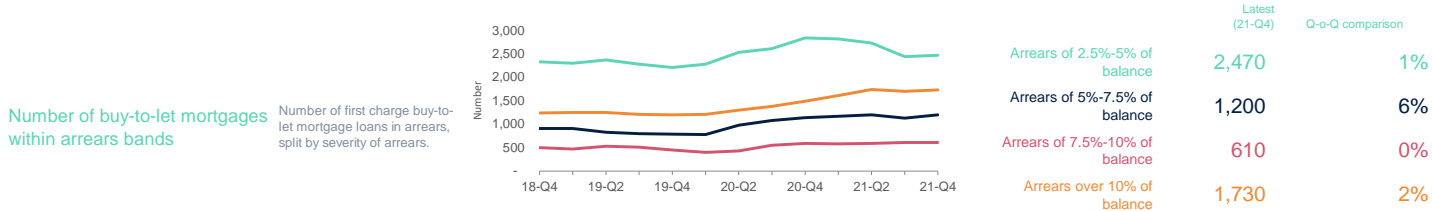
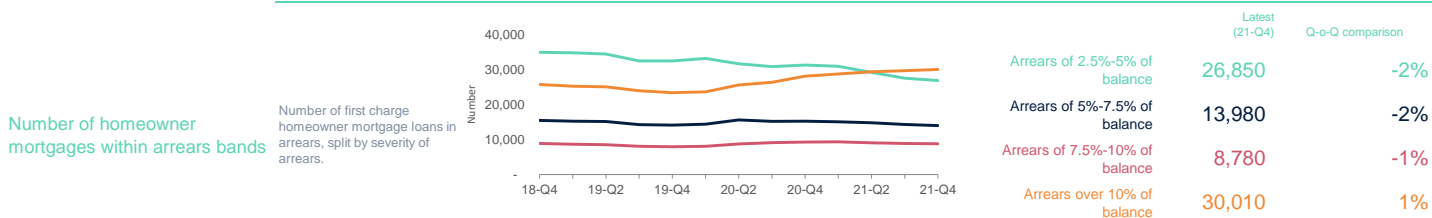
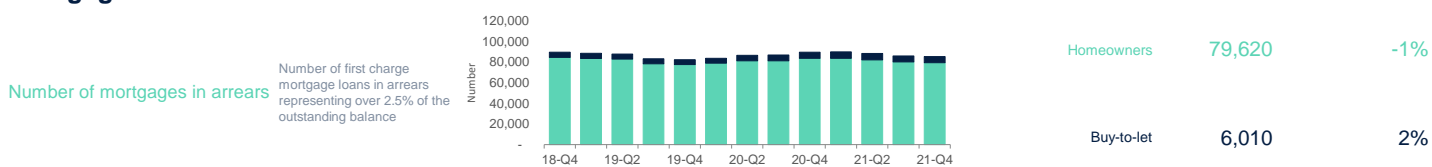
3 The data shown are for first charge mortgages only. Figures are reported by most UK Finance mortgage members and presented here on a grossed-up basis from that sample to reflect total market size.

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.

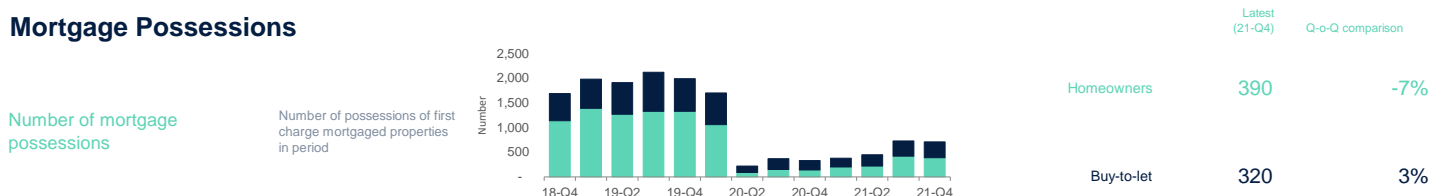
5 The Ministry of Justice publishes mortgage and landlord possession statistics, which can be found here: <https://www.gov.uk/government/collections/mortgage-and-landlord-possession-statistics>. These include quarterly national statistics on possession claim actions in county courts by mortgage lenders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

6 Revisions have been made to historic data back to 2015, following improved data reporting

Mortgage Arrears



Mortgage Possessions



Next update:

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Mortgages outstanding (000s)		18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	Source table
Number of mortgages outstanding (000s)	Homeowners	9,020	9,010	9,020	8,990	9,020	9,000	8,970	8,960	8,980	8,980	8,990	8,980	8,960	AP2
	Buy-to-let	1,910	1,920	1,920	1,930	1,940	1,960	1,960	1,970	1,980	2,000	2,020	2,030	2,030	AP2
Mortgages in arrears (number)		18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	Source table
Arrears of 2.5%-5% of balance	Homeowners	34,920	34,750	34,430	32,460	32,420	33,150	31,620	30,830	31,260	30,920	29,170	27,530	26,850	AP2
	Buy-to-let	2,330	2,300	2,370	2,280	2,210	2,280	2,530	2,610	2,840	2,820	2,730	2,440	2,470	AP2
Arrears of 5%-7.5% of balance	Homeowners	15,440	15,260	15,130	14,230	14,110	14,370	15,600	15,190	15,240	15,050	14,770	14,310	13,980	AP2
	Buy-to-let	910	910	830	800	790	780	980	1,080	1,140	1,170	1,200	1,130	1,200	AP2
Arrears of 7.5%-10% of balance	Homeowners	8,870	8,650	8,520	8,050	7,940	8,070	8,740	9,090	9,270	9,340	9,070	8,870	8,780	AP2
	Buy-to-let	500	470	530	510	450	400	430	550	590	580	590	610	610	AP2
Arrears over 10% of balance	Homeowners	25,710	25,210	25,040	23,930	23,380	23,630	25,590	26,350	28,110	28,700	29,370	29,660	30,010	AP2
	Buy-to-let	1,240	1,250	1,250	1,210	1,200	1,210	1,300	1,380	1,490	1,610	1,740	1,700	1,730	AP2
All arrears of over 2.5% of balance	Homeowners	84,940	83,870	83,120	78,670	77,850	79,220	81,550	81,460	83,880	84,010	82,380	80,370	79,620	AP2
	Buy-to-let	4,980	4,930	4,980	4,800	4,650	4,670	5,240	5,620	6,060	6,180	6,260	5,880	6,010	AP2
Mortgages in arrears (% of mortgages outstanding)		18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	Source table
Arrears of 2.5%-5% of balance	Homeowners	0.39%	0.39%	0.38%	0.36%	0.36%	0.37%	0.35%	0.34%	0.35%	0.34%	0.32%	0.31%	0.30%	AP2
	Buy-to-let	0.12%	0.12%	0.12%	0.12%	0.11%	0.12%	0.13%	0.13%	0.14%	0.14%	0.14%	0.12%	0.12%	AP2
Arrears of 5%-7.5% of balance	Homeowners	0.17%	0.17%	0.17%	0.16%	0.16%	0.16%	0.17%	0.17%	0.17%	0.17%	0.16%	0.16%	0.16%	AP2
	Buy-to-let	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%	AP2
Arrears of 7.5%-10% of balance	Homeowners	0.10%	0.10%	0.09%	0.09%	0.09%	0.09%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	AP2
	Buy-to-let	0.03%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	AP2
Arrears over 10% of balance	Homeowners	0.29%	0.28%	0.28%	0.27%	0.26%	0.26%	0.29%	0.29%	0.31%	0.32%	0.33%	0.33%	0.33%	AP2
	Buy-to-let	0.06%	0.07%	0.07%	0.06%	0.06%	0.06%	0.07%	0.07%	0.08%	0.08%	0.09%	0.08%	0.09%	AP2
All arrears of over 2.5% of balance	Homeowners	0.94%	0.93%	0.92%	0.88%	0.86%	0.88%	0.91%	0.91%	0.93%	0.94%	0.92%	0.89%	0.89%	AP2
	Buy-to-let	0.26%	0.26%	0.26%	0.25%	0.24%	0.24%	0.27%	0.29%	0.31%	0.31%	0.31%	0.29%	0.30%	AP2
Mortgage possessions (number)		18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	Source table
Homeowners	Homeowners	1,140	1,390	1,270	1,330	1,330	1,060	90	150	140	200	220	420	390	AP4
	Buy-to-let	550	590	640	790	660	640	130	220	190	180	230	310	320	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: 19 May 2022