

# Mortgage Arrears and Possessions



Release date: 11 August 2022

## UK Finance: Mortgage Arrears and Possessions Update Quarter 2 2022

- The total number of customers in arrears with their mortgages continued to fall in the second quarter of 2022.

Overall, there were 74,540 homeowner mortgages in arrears at the end of June 2022 (defined as representing 2.5 per cent or more of the outstanding balance), a reduction of approximately 200 homeowner mortgages compared with the previous quarter. This is ten per cent fewer than in the same period a year prior.

Within the total, there were 25,160 homeowner mortgages in early arrears (representing 2.5 per cent to 5 per cent of the outstanding balance), a one per cent rise on the previous quarter. This was the only segment that saw an increase in arrears numbers this quarter, but the number remains 14 per cent fewer than the same period in 2021.

Early arrears figures remain substantially lower than the numbers seen before the pandemic began. However, as signalled last quarter, this is likely to reflect early signs of pressure on household finances as cost-of-living pressures (including energy price rises and increased National Insurance contributions) began to weigh more heavily from April onwards. Customers who are facing financial difficulties are encouraged to contact their lender early, as they stand ready to help.

Also within the total, there were 28,840 homeowner mortgages with more significant arrears (representing ten per cent or more of the outstanding balance), 510 fewer cases than the previous quarter. Since the end of the possessions moratorium last April, more customers in long-term financial difficulty who are unable to recover are now progressing to repossession or sale, allowing them to realise any remaining equity and to seek more sustainable housing options.

There were 5,640 buy-to-let mortgages in arrears of 2.5 per cent or more of the outstanding balance in the second quarter of 2022 – four per cent fewer compared with the previous quarter and ten per cent down on the year.

630 homeowner mortgaged properties and 350 buy-to-let mortgaged properties were taken into possession in the second quarter of 2022. The total number of possessions remains unchanged from the first three months of the year. However, the number of buy-to-let mortgage possessions fell by eight per cent, while the number of homeowner mortgage possessions rose by five per cent.

It is important to note that year-on-year comparisons for possessions will look unusually large due to greatly suppressed activity in Q2 2021 as the courts and the industry slowly resumed activity following the end of the possession moratorium. Possessions taking place now are, therefore, almost exclusively historic cases which would, under normal circumstances, have taken place over the course of 2020 and 2021 and now need to conclude in the customers' best interests.

In absolute terms there were 530 more possessions in Q2 2022 compared with the same period last year, however the total for this quarter is approximately half the number seen in Q2 2019. Possession is always a last resort after all other options have been exhausted and a thorough court-based process has carefully considered the borrower's individual circumstances.

### 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 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:

10 November 2021