

Interest-only Mortgages Update



Release date: 21 June 2023

INTEREST-ONLY MORTGAGE BOOK CONTINUES TO CONTRACT

THROUGH A YEAR OF RISING COST PRESSURES INTEREST-ONLY MORTGAGE BORROWERS REPAY ON OR AHEAD OF SCHEDULE

- There were 702,000 pure interest-only homeowner mortgages outstanding at the end of 2022, 6.9 per cent fewer than in 2021.
- In addition there were 222,000 partial interest-only (part and part) homeowner mortgages outstanding at the end of 2022, 11.9 per cent fewer than in 2021.
- The total interest-only mortgage stock (including part and part) has reduced by 71 per cent in number and 56 per cent in value since 2012 (when these data were first collected).
- In particular, the number of interest-only loans at higher (over 75 per cent) loan-to-values fell by 33.3 per cent in 2022. Loans at these higher LTVs now make up 5 per cent of the total, compared to 7 per cent in 2021 and 36 per cent in 2012.
- Additionally, the number of interest-only loans set to mature by 2027 shrank by 73,000 in 2022 to 261,000 loans, a fall of 21.9 per cent.

Commenting on the data, [Charles Roe](#), Director of Mortgages at UK Finance said:

"Even as cost-of-living and rate pressures built through 2022, interest-only mortgage customers continued to repay their loans, many well ahead of the scheduled maturity date. In total the interest-only stock, which numbered over three million mortgages ten years ago, is now a little over one quarter of that size. Lenders continue to refine their targeted programmes to reach out to their interest-only customers, yielding positive results in ensuring borrowers are on track to repay.

The small number of borrowers who do not repay immediately upon maturity remains very low, and data indicate the vast majority of these do in fact repay in full over the first few months following the end of term. As always, any customers worried about repaying their mortgage should contact their lenders early, who stand ready to help with a range of options to repay."

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 The data shown are for first charge homeowner 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 Figures exclude lifetime mortgages, and retirement interest-only mortgages, both of which have no scheduled maturity date, and also excludes any loans which are owned by unregulated entities for which we do not hold data.

Next update:

20 Jun 2024 (provisional)