

# Mortgage Arrears and Possessions



Release date: 13 February 2020

## UK Finance: Mortgage Arrears and Possessions Update Quarter 4 2019

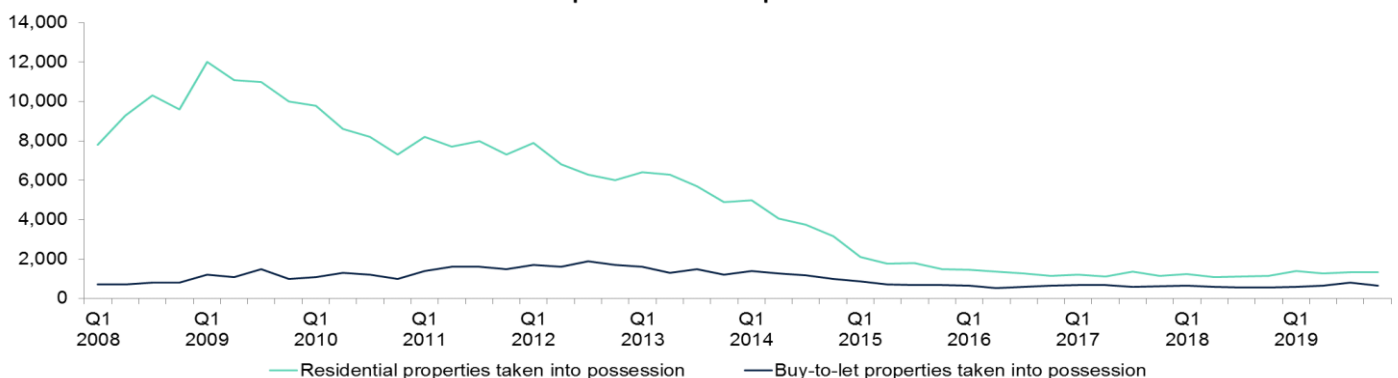
The proportion of homeowner mortgages in arrears remains at historically low levels, with the vast majority of borrowers continuing to repay their mortgages in full and on time each month. There were 70,880 homeowner mortgages (0.78 per cent of all residential mortgages outstanding) in arrears of 2.5 per cent or more of the outstanding balance in the fourth quarter of 2019, nine per cent fewer than in the same quarter of the previous year. Within the total, there were 21,770 homeowner mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance). This was nine per cent fewer than in the same quarter of the previous year.

1,330 homeowner mortgaged properties were taken into possession in the fourth quarter of 2019. Although this represents a 17 per cent year-on-year increase, this is from a very low base, with 59 in every 100,000 homeowner mortgages being taken into possession in 2019. Levels remain well below those seen between 2009 and 2014 (see chart below). This increase in possessions has been driven in part by a backlog of historic cases which are being processed in line with the latest regulatory requirements<sup>6</sup>. Lenders continue to show flexibility to borrowers in financial difficulty and possession is always a last resort.

There were 4,390 buy-to-let mortgages (0.22 per cent of all buy-to-let mortgages outstanding) in arrears of 2.5 per cent or more of the outstanding balance in the fourth quarter of 2019, seven per cent fewer than in the same quarter of the previous year. Within the total, there were 1,160 buy-to-let mortgages with more significant arrears (representing 10 per cent or more of the outstanding balance). This was three per cent fewer than in the same quarter of the previous year.

660 buy-to-let mortgaged properties were taken into possession in the fourth quarter of 2019, 20 per cent greater than in the same quarter of the previous year. Although this represents a 20 per cent year-on-year increase, this is from a very low base, with 137 in every 100,000 buy-to-let mortgages being taken into possession in 2019. Levels remain well below those seen between 2009 and 2014 (see chart below). This increase is driven in part by a backlog of historic cases which are being processed on the same basis as the latest regulatory requirements<sup>6</sup>. Lenders continue to show flexibility to borrowers in financial difficulty and possession is always a last resort.

**Properties taken into possession**



### 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 Please note that the **Household Finance Update** and **Mortgage Trends Update** are being replaced by the quarterly **Household Finance Review**, to provide a greater level of insight and analysis on the financial behaviour of households using data covering the whole market. The next **Household Finance Review** for Q4 2019 is due to be published on 5 March 2020. UK Finance will continue to publish the quarterly **Arrears and Possessions Update** as usual.

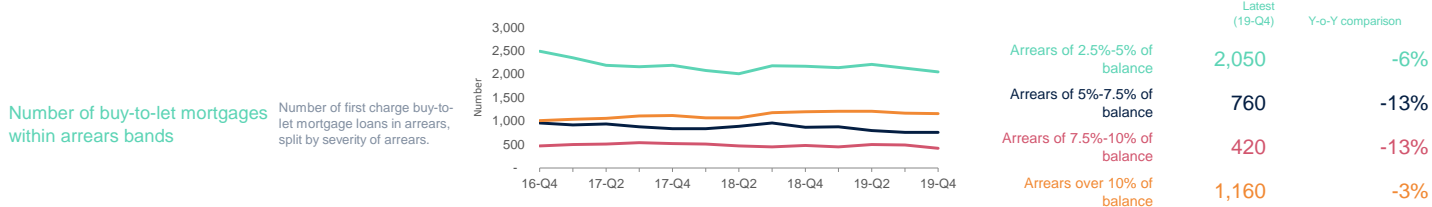
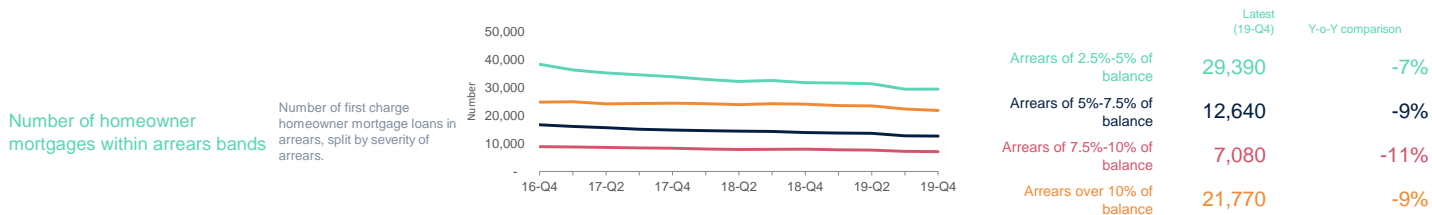
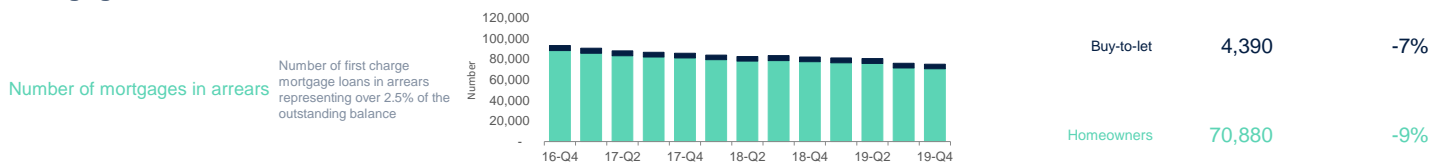
4 The data shown are for first charge mortgages only. Figures are reported by most UK Finance mortgage members and presented here on a grossed-up basis from that sample to reflect total market size.

5 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.

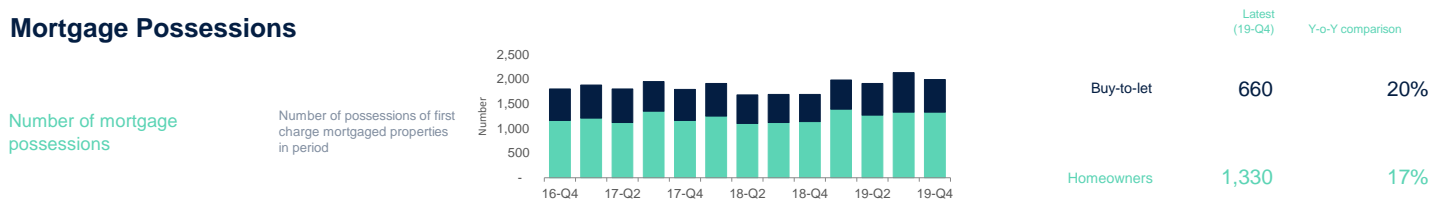
6 In 2017, the FCA introduced new guidance (FG17/4) on the treatment of customers with mortgage payment shortfalls, including the way firms calculate these customers' monthly mortgage instalments. Lenders have been reviewing a large number of cases on an individual basis in line with this guidance, applying 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>

7 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.

## Mortgage Arrears



## Mortgage Possessions



Next update:

14 May 2020

Release date: 13 February 2020

<b>Mortgages outstanding (000s)</b>		16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	Source table
Number of mortgages outstanding (000s)	Homeowners	9,210	9,210	9,160	9,160	9,110	9,080	9,070	9,050	9,030	9,020	9,030	9,010	9,040	AP2
	Buy-to-let	1,860	1,860	1,870	1,880	1,890	1,900	1,900	1,920	1,930	1,930	1,930	1,950	1,960	AP2
<b>Mortgages in arrears (number)</b>		16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	Source table
Arrears of 2.5%-5% of balance	Homeowners	38,270	36,220	35,200	34,480	33,810	32,900	32,140	32,500	31,730	31,610	31,320	29,380	29,390	AP2
	Buy-to-let	2,490	2,350	2,190	2,160	2,190	2,080	2,010	2,180	2,170	2,140	2,210	2,130	2,050	AP2
Arrears of 5%-7.5% of balance	Homeowners	16,660	16,100	15,630	15,050	14,810	14,590	14,380	14,260	13,900	13,730	13,620	12,730	12,640	AP2
	Buy-to-let	960	920	940	880	840	840	890	960	870	880	800	760	760	AP2
Arrears of 7.5%-10% of balance	Homeowners	8,860	8,730	8,600	8,420	8,290	8,000	7,870	7,880	7,970	7,760	7,630	7,180	7,080	AP2
	Buy-to-let	470	500	510	540	520	510	470	450	480	450	500	490	420	AP2
Arrears over 10% of balance	Homeowners	24,760	24,880	24,130	24,250	24,380	24,180	23,850	24,180	24,020	23,540	23,390	22,300	21,770	AP2
	Buy-to-let	1,010	1,040	1,060	1,110	1,120	1,070	1,070	1,180	1,200	1,210	1,210	1,170	1,160	AP2
All arrears of over 2.5% of balance	Homeowners	88,550	85,930	83,560	82,200	81,290	79,670	78,240	78,820	77,620	76,640	75,960	71,590	70,880	AP2
	Buy-to-let	4,930	4,810	4,700	4,690	4,670	4,500	4,440	4,770	4,720	4,680	4,720	4,550	4,390	AP2
<b>Mortgages in arrears (% of mortgages outstanding)</b>		16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	Source table
Arrears of 2.5%-5% of balance	Homeowners	0.42%	0.39%	0.38%	0.38%	0.37%	0.36%	0.35%	0.36%	0.35%	0.35%	0.35%	0.33%	0.33%	AP2
	Buy-to-let	0.13%	0.13%	0.12%	0.11%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.10%	AP2
Arrears of 5%-7.5% of balance	Homeowners	0.18%	0.17%	0.17%	0.16%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.14%	0.14%	AP2
	Buy-to-let	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%	AP2
Arrears of 7.5%-10% of balance	Homeowners	0.10%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%	AP2
	Buy-to-let	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.02%	AP2
Arrears over 10% of balance	Homeowners	0.27%	0.27%	0.26%	0.26%	0.27%	0.27%	0.26%	0.27%	0.27%	0.26%	0.26%	0.25%	0.24%	AP2
	Buy-to-let	0.05%	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	0.96%	0.93%	0.91%	0.90%	0.89%	0.88%	0.86%	0.87%	0.86%	0.85%	0.84%	0.79%	0.78%	AP2
	Buy-to-let	0.27%	0.26%	0.25%	0.25%	0.25%	0.24%	0.23%	0.25%	0.24%	0.24%	0.24%	0.23%	0.22%	AP2
<b>Mortgage possessions (number)</b>		16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	Source table
Mortgage possessions	Homeowners	1,160	1,210	1,120	1,350	1,160	1,250	1,100	1,120	1,140	1,390	1,270	1,330	1,330	AP4
	Buy-to-let	640	670	680	600	630	660	580	570	550	590	640	800	660	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/). For information or enquiries, please contact [ukfstatistics@ukfinance.org.uk](mailto:ukfstatistics@ukfinance.org.uk)

For media enquiries, journalists should contact [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk)

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