

Autumn Statement Nov 22 2023

Autumn Statement: Mortgage Guarantee Scheme extended

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Autumn Statement 2023: Jeremy Hunt has announced that The Mortgage Guarantee Scheme is to be extended. (Credit: RONE Stock project via Pixels)

By **Ima Jackson-Obadi**

The mortgage guarantee scheme has been extended by 18 months to June 2025 from December 2023, following an announcement by Jeremy Hunt in the Autumn Statement today (November 22).

Launched in April 2021, the scheme offers lenders the financial guarantees they need to cover the other 95 per cent of the mortgage on a house worth up to £600,000.

The scheme was due to close to new accounts on 31 December 2023. Chancellor Hunt announced its extension, alongside expanding the affordable homes guarantee scheme, in his 120-page Autumn Statement document.

But while the government said the scheme would continue helping prospective borrowers with smaller deposits buy a home, it has been met with little enthusiasm by mortgage brokers.

Broker response

Stephen Perkins, managing director at Yellow Brick Mortgages, said: "Like most announcements from the Autumn Statement, this has the impact of a feather hammer.

"The scheme was barely used over the last 12 months by lenders and its extension or removal would both be irrelevant."

Michelle Lawson, director at Lawson Financial, added: "A missed opportunity as lenders are already lending at higher loan to value. This has no real added value to the housing market and the consumer as it is just the government backing the loans."

Meanwhile, Gary Bush, a financial adviser at MortgageShop.com, said once the market picks up in the New Year, it would be "interesting" to see what effect the extension of this scheme has.

He added: "The Mortgage Guarantee Scheme hasn't really had that much of an effect to date on the UK property market, but this could be related to it being run alongside the now-extinct Help to Buy scheme.

"Lenders have also been brave and bitten the bullet on raising their Loan to Values on their mortgage products without utilising this scheme."

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