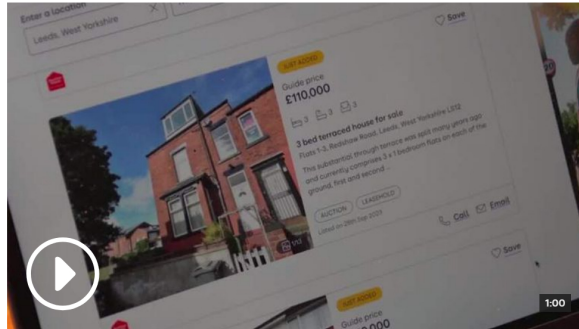


# Mortgage approvals at lowest level since January, Bank of England figures reveal

The impact of rising interest rates is felt further as policymakers at the Bank of England prepare to make their next determination on borrowing costs.

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People are waiting for mortgage rates to drop



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## Lenders last month approved the lowest number of mortgages since January, according to figures from the Bank of England.

Just 43,328 home loans for house purchases were signed off in September - a third consecutive monthly decline.

Net approvals for remortgaging fell to 20,600 - the lowest total since January 1999.

The figures reflect the impact of rising interest rates, imposed by the Bank since December 2021, to battle inflation.

Separate figures showed continued caution among consumers for unsecured credit amid the evolving **cost of living crisis**.

Net borrowing fell to just under £1.4bn last month.

The sum had stood at £1.7bn in August.

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Higher mortgage costs are part of the Bank's strategy to help bring inflation down but there are concerns that its actions to date risk tipping the economy into recession.

Bank rate stood at 0.1% in late 2021 but it is now at 5.25%.

Policymakers **held off on a hike to 5.5%** in September and financial markets and economists largely expect that position to be maintained at the rate-setting meeting due this week.

That is because all the latest signs point to a continued easing in inflationary pressures in a flatlining economy - with the impact of the rate hike cycle yet to be fully felt.

It is for that reason that the Bank's updated forecasts for the economy will be closely scrutinised on Thursday.



Sept: 'We cannot be complacent'

Any warning of a possible recession ahead could be seen as a potential own-goal; that the Bank went too far in its interest rate push, risking an unnecessary spike in unemployment.

Commenting on the impact on the housing market, financial adviser at MortgageShop.com Gary Bush said: "These dire mortgage approval figures from the Bank of England were always on the cards.

"The sentiment surrounding the mortgage and property market isn't especially strong right now and these figures reflect that.

"The remortgage numbers highlight very clearly how many people have no choice but to stay with their existing lender due to affordability reasons.

"However, October has seen things pick up slightly, due to the lower fixed rates now on offer, as lenders compete for market share in a starved market.

"We are hoping, or rather praying, for no new crisis to appear on the horizon, whether economic, financial or fiscal, but it seems that one always manages to rear its ugly head. A calm end to 2023 is what's needed," he concluded.

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