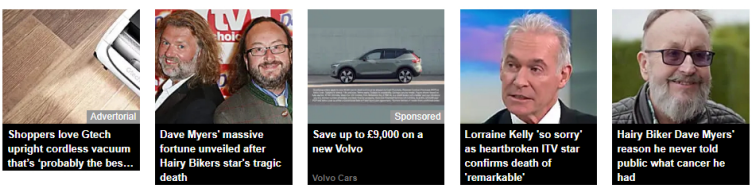




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# Mortgage arrears surge by 50.3% in just one year sparking home repossession fears

The value of outstanding mortgage balances in arrears is over 50 percent higher than it was a year ago.

By RORY POULTER 12:54, Tue, Mar 12, 2024 | UPDATED: 13:22, Tue, Mar 12, 2024



New Bank of England figures have revealed an alarming surge in mortgage arrears which has triggered fears of a rise in repossessions.

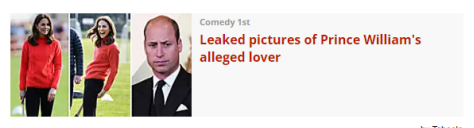


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The value of outstanding mortgage balances with arrears is over 50 percent higher than it was a year ago.

At the same time, the proportion of mortgages that are in arrears is at the highest level for more than seven years.

The figures have triggered pleas to the Bank of England for an immediate cut in the base rate to help those struggling to keep a roof over their head.



The figures show the value of outstanding mortgage balances with arrears is put at £20.3billion.

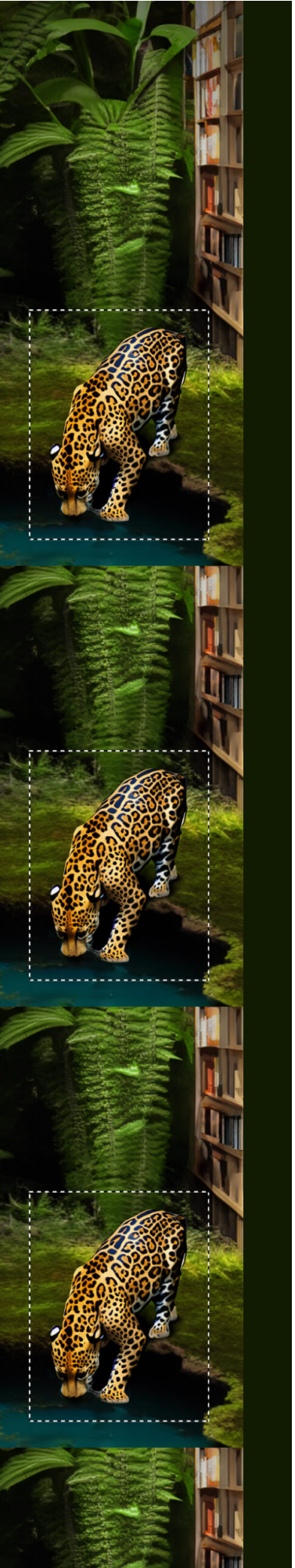
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Fears are growing that the increase could result in more home repossessions. (Image: Getty)

The **Bank of England** said: "This was 50.3 percent higher than a year earlier.

"The proportion of the total loan balances with arrears, relative to all outstanding **mortgage** balances, increased on the quarter from 1.12 percent to 1.23 percent. This is the highest since 2016 quarter four."

Karen Noye, **mortgage** expert at Quiller, said: "The new **Mortgage** Lenders and Administrators statistics for Q4 2023 paint a very worrying picture of the **mortgage** market.

"The statistics show that the value of outstanding **mortgage** balances with arrears is over 50 percent higher than it was a year ago and has shot up nearly 10 percent (9.2 percent) in just one quarter.

"This shows that the large increase in **mortgage** rates seen over the last couple of years is really starting to bite for some borrowers and this is unfortunately causing them to fall into arrears as they simply can't afford to keep up with their increased payments.

"The changes to **National Insurance** and **Child Benefit** at the Budget last week, will barely help considering many people will have seen their **mortgage** payments shoot up by £300 or more a month."

She added: "For those worried about falling into arrears, it is important to contact your lender as soon as possible as there are options that can help ease the pain such as going onto a cheaper interest only **mortgage** or setting up a payment plan. Studying the problem and not burying your head in the sand is crucial though."

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The value of outstanding mortgage balances with arrears is put at £20.3 billion. (Image: Getty)



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Miss Noye said the home loan market appears to be in 'deep freeze'.

She said: "While house prices have remained resilient, the value of new **mortgage** commitments (lending agreed to be advanced in the coming months) decreased by 6.6 percent from the previous quarter to £46.0 billion, and was 21.2 percent lower than a year earlier.

"This illustrates a serious lack of demand and although prices continue to be buoyant if this dearth in demand continues prices may return to a downward trajectory."

Responding to the news, **mortgage** brokers told **Newspage** that the figures show many people are struggling to cover monthly home loan payments.

Craig Fish, Director at Lodestone Mortgages & Protection, said: "People are



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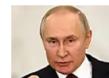
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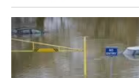


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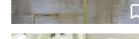
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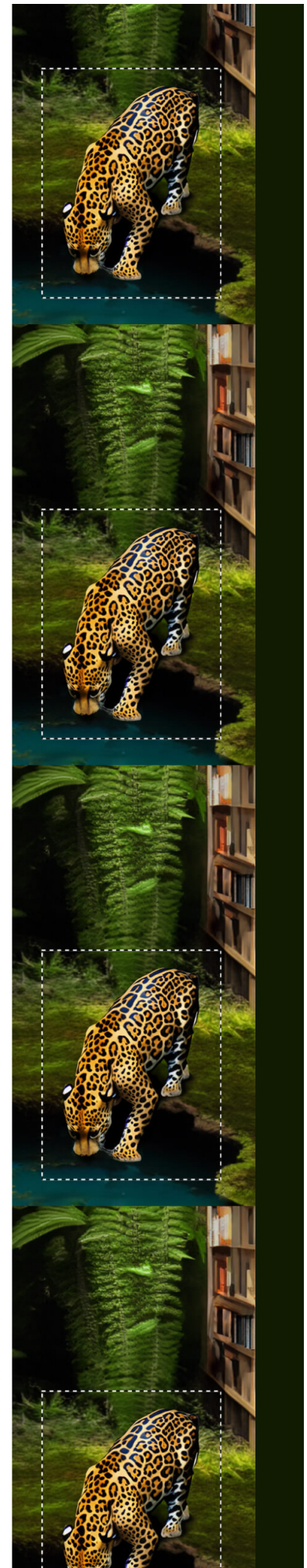
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genuinely struggling to afford their significantly increased mortgage payments."

Michelle Lawson, Director at Lawson Financial, said: "This data makes for grim reading but is sadly not unexpected."

"People don't have bottomless pockets and this data places stark emphasis on that fact. Household finances are set to spontaneously combust if the current level of pressure on them continues."

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The proportion of mortgages that are in arrears is at the highest level for more than seven years. (image: Getty)

Robert Timm, Managing Director at Sunland Mortgages, said: "With mortgage rates as high as they are, and households reeling after the pandemic and cost of living crisis, this kind of data was inevitable."

Denni Tyson, Mortgage Broker at Henchurch Lane Financial Services, said: "The arrears data is no surprise given the mortgage shock being felt by so many households across the UK. A decade and a half of cheap borrowing has had a huge effect on certain households and placed them under a lot of pressure now that rates have risen."

Lewis Shaw, Owner and Mortgage Expert at Shaw Financial Services, said: "Unfortunately, this is a sign of the times. Higher interest rates are crippling an increasing number of mortgage holders forcing them into arrears."

"We need base rate cuts. Otherwise, we'll look back and realise that this was the thin end of the wedge."

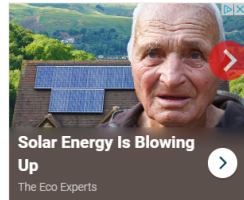
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Gary Bush, Financial Adviser at MortgageShop.com, said: "To read that UK mortgage arrears increased 9.2% in the last quarter of 2023 from the previous quarter to £20.3 billion is tragic news and to further drill down into this dataset that there is a staggering 50.3% more arrears is worrying news."

"This is an alarm call to the Bank of England for their upcoming monetary policy meeting."

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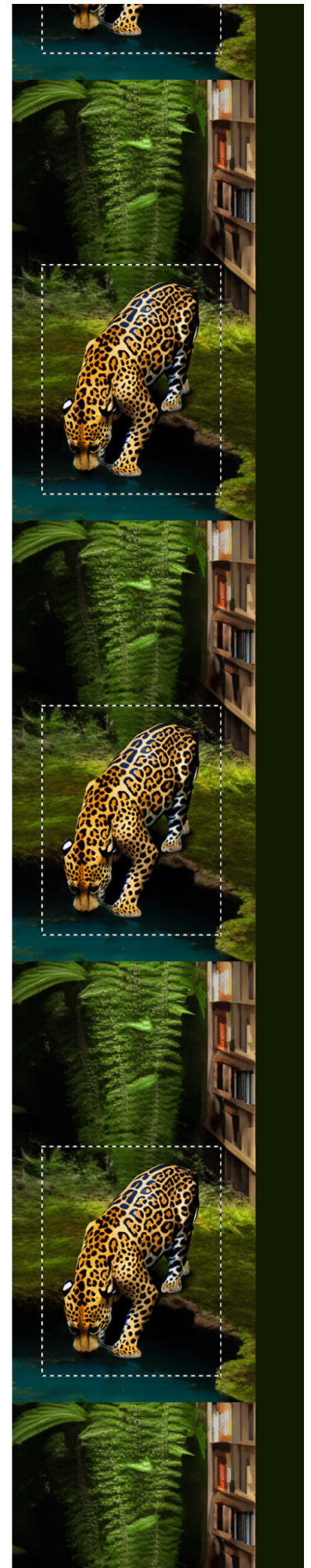
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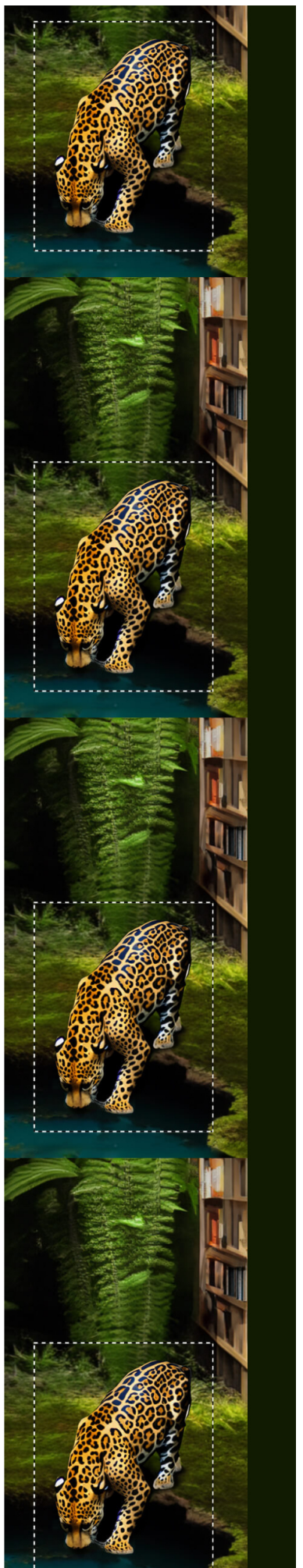
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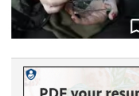
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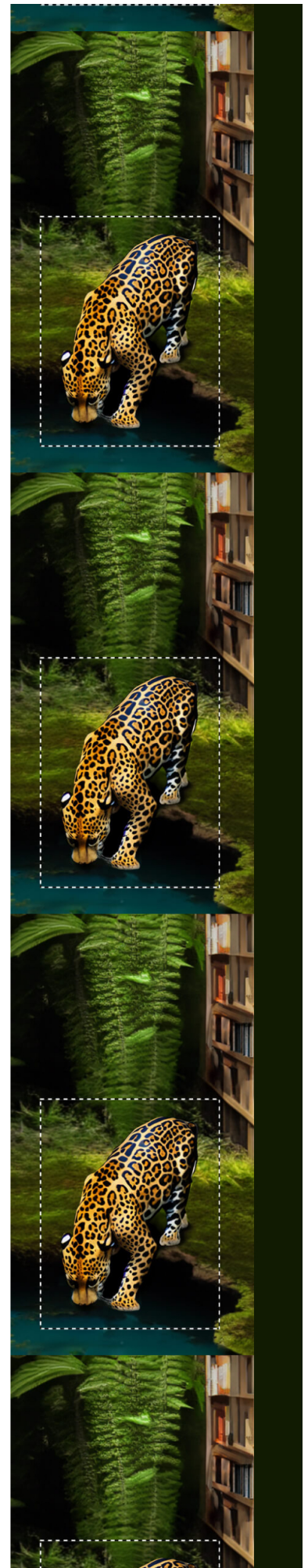
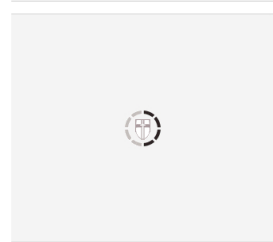
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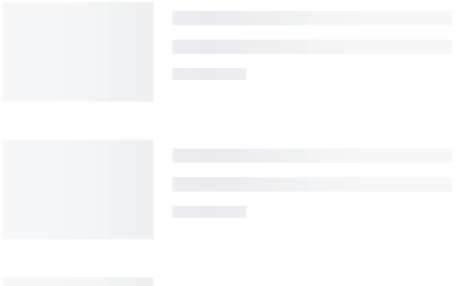
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