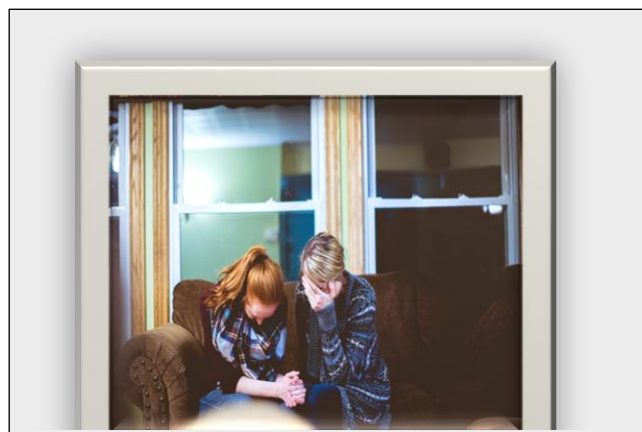


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# Hidden Voices: Growing up as the Child of a Mortgage Prisoner



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# 1. Executive Summary

This is one of many previous thematic reports on UK Mortgage Prisoners and the impact on them after paying crippling high interest rates for over a decade. Mortgage prisoners have paid for the iniquity of the banks after the global financial crash of 2008. While bankers were bailed out, mortgage holders were sold out and, ultimately, had their mortgage rates hiked and sold off to inactive vulture funds who are not regulated and do not pay tax in the UK. Many others have been exploited by active lenders too; however, this report shifts the lens onto the experiences of children and young people.

Children and young people have centred in many discussions during the Covid-19 pandemic which have focused on their mental health and educational attainment. But, most of all, the pandemic has shone a light on the gross inequalities in our society which have been pervasive for some time – from food poverty highlighted by Marcus Rashford to the ‘abysmal’ fact that 1/5 of children in the UK leave compulsory education without qualifications. The latter has led the outgoing Children’s Commissioner, Anne Longfield, to accuse the government of ‘institutional bias’<sup>1</sup> in its support to children both during and post-pandemic. The headlines have made difficult reading but, in writing this report, we want to shine a light on another group of children and young people whose lives have been impacted for over a decade - the children of mortgage prisoners. Despite the Prime Minister Boris Johnson’s pre-election promise to ‘pull out all the stops to end this injustice’; the Economic Secretary to the State, John Glen, claiming mortgage prisoners are a ‘personal priority’ and Chief Executive, Nikhil Rathi, declaring he will make mortgage prisoners a Financial Conduct Authority (FCA) ‘priority’, UK Mortgage Prisoners are yet to experience any substantive or tangible effects of their barely symbolic policies.

In this report we present the findings from three separate but related surveys to explore the lasting effects on children whose parents were (and still are) mortgage prisoners. The research found that growing up in such households had impacted their emotional and mental wellbeing and diminished their social and educational opportunities.

We are calling on the government to act now to mitigate further harm and in doing so we outline our proposals on how they can do this. As pointed out in the recent study by the London School of Economics (LSE), funded by Martin Lewis, mortgage prisoners are in this predicament through no fault of their own but through that of successive governments who now have a ‘moral duty’ to intervene.

## 2. Method and Aims

### Aims of the research

In conducting this research, we sought to understand what it was like for children and young people who either had, or still were growing up in a home where their parents were mortgage prisoners. Children are the hidden voices of the mortgage prisoner scandal and there is little known or documented about what impact this has had on them. We wanted to understand the financial, emotional, and psychological effects of living in a home where children's parents have suffered family breakdown, poor mental and physical health, suicidal thoughts and suicide<sup>2</sup> because of being trapped by their mortgage following the global financial crisis of 2008.

The data used was collected prior to the Covid-19 pandemic. However, due to the need to prioritise the immediate financial impact and exacerbation of the effects of the pandemic on mortgage prisoners<sup>3</sup>, including key workers<sup>4</sup>, analysing the data and compiling this report has been delayed for a year. This does not, however, mean that the data is outdated. Rather, unfortunately, it is likely that some of the accounts would have been even more disturbing had it been carried out today.

### Sample

The research was conducted in three parts using three separate surveys:

- one survey that sought to obtain the retrospective experiences and perspectives of children and young people who are now adults (18+)
- another which captured the perceived impact on children who are currently aged under 18 years old through the accounts of their parents
- A more recent survey where respondents were asked to rate their perceived 'Disposable Income Poverty' situation due to high mortgage rates

#### Survey One

The first survey concerned with the retrospective perspectives of children and young people received 35 responses of which 14 in total were removed. Two responses were removed

because the respondents were over the age of 18 when their parents became mortgage prisoners. The majority (12) were removed for ethical reasons as the respondents were under 18 years old. However, due to some concerning information received from these respondents – such as anxiety, depression, and self-harm – relating to children as young as 10 years old, UK Mortgage Prisoners have begun to liaise with children’s mental health charities, and we provide resources at the end of this report. This is to ensure that all children and young people whose parents are mortgage prisoners can access support the support they need and that parents are confident in helping them to do so.

The age range of those whose views are presented is between 18 – 28 years old. This means that the youngest child of a mortgage prisoner would have been just five years old at the time of the global financial crisis of 2008 and would have spent most of their life living under the financial strain experienced by their parents. The oldest would have been 15 years old.

Of the 21 young people included in the report, 10 were male and 11 were female.

*Table 1 Respondents by gender*

Gender	
Male	10
Female	11

Eight young people were in education, including higher education, and 13 were employed.

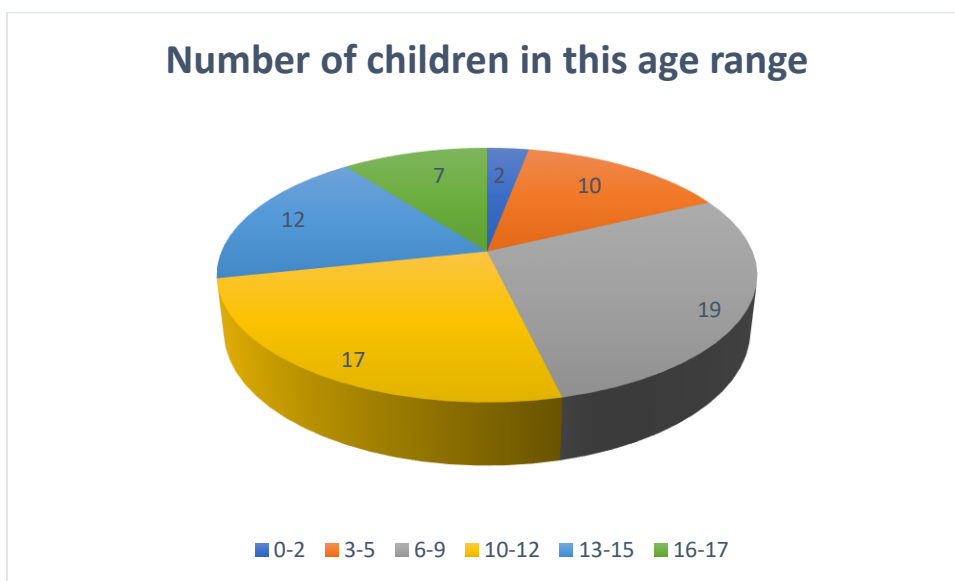
*Table 2 Respondents employment/education status*

Employment/education status	
Education	8
Employment	13

## Survey two

Survey two was aimed at parents whose children were under 18 years old. There were 44 respondents in total who had between one and four children each. The age range was between 0 – 17 which consisted of: 2 children aged 0-2; 10 children aged 3-5; 19 children aged 6-9; 17 children aged 10-12; 12 young people aged 13-15; and 7 young people aged 16-17. This means that the oldest child in this sample would have been four when their parents became mortgage prisoners and the youngest would have been born into this financial situation.

Figure 1 Number of Children by Age Range (reported by the parents)



## Survey three

Given this research was specifically about the impact on children, we did not ask for any parental characteristics; however, from the qualitative responses provided, it was evident that the sample of parents was made up of joint and single parent households, some with poor mental and physical health, and most of whom had referred to being employed. We did, however, distribute a more recent survey to compliment those carried out in 2020 as we were keen to have an up-to-date picture of mortgage prisoners' perception of how their disposable income impacted on their living standards, quality of life and mental health. The rationale for this was to understand more about the homes in which children and young people were growing up in. We adapted the Joseph Rowntree 'levels of poverty'<sup>5</sup> model based on

‘minimum income standard’. The purpose of this was to ascertain if mortgage prisoners who may have a higher income threshold were still living in financial hardship amounting to ‘disposable income poverty’ due to the excessively high interest rates and mortgage to income ratio.

Figure 2 Joseph Rowntree Levels of Income Poverty



We asked respondents to rate their ‘disposable income’ according to:

1. **Disposable income at minimum standard or better:** able to afford holidays, overpaying mortgage, re-mortgaging very likely.
2. **Disposable income below minimum standard:** just about managing mortgage, no luxuries, unable to make house repairs, experiencing stress.
3. **Not enough disposable income:** getting into debt to pay mortgage, risk of repossession, daily poor mental health, and high levels of stress.
4. **Destitute:** Repossession imminent, cannot see way out, feeling hopeless, suicidal thoughts.

The results from this survey are presented first to provide context to the subsequent presented experiences and perspectives of children with parents who are mortgage prisoners.

### 3. Results

The results of the surveys will be presented in three parts. Firstly the ‘disposable income poverty’ survey results are presented. We then present the retrospective perspectives and experiences of children and young people who are now adults. Finally, in the third part of the report, we present the accounts of parents to show how they perceived their children had been impacted by growing up in a home in which their parents were mortgage prisoners.

### Results part one: ‘Disposable Income Poverty’ Perceptions



The quick-fire survey received 200 responses. 13 (7%) said that they experienced a disposable income at minimum standard or better meaning they were able to afford holidays, overpay their mortgages and/or perceived that they would be likely to re-mortgage sometime in the future. 109 respondents (55%) said that they had a disposable income at below minimum standard which meant that they were just about managing to pay their mortgage but were unable to make repairs in their homes and were experiencing stress as a result. 68 (34%) said that they did not have enough disposable income and were getting into debt to pay their mortgage, were at risk of repossession, were experiencing poor mental health and/or high levels of stress. Finally, 10 respondents (5%) said they were ‘destitute’ and were at imminent




risk of losing their home, could not see a way out of their predicament, and felt hopeless and/or were having suicidal thoughts.

Overall, the findings highlight that the majority of mortgage prisoners who responded were experiencing significant levels of financial hardship. 89% were either just about managing to make mortgage payments or were getting into debt to do so leaving little to no money, it appeared, to pay for other necessary expenses or lead a quality life. Concerningly, 5% of respondents were at risk of repossession. These financial hardships are likely to have contributed to poor mental health and, in the most worrying of cases, suicidal thoughts. We already know from previous surveys that two mortgage prisoners have taken their own lives which was attributed to being a mortgage prisoner.

According to a report by the Joseph Rowntree Foundation, 10% of mortgage holders were in poverty prior to the Covid-19 pandemic which had been falling since the global financial crisis due, in part, to lower mortgage costs<sup>6</sup>. However, we know that mortgage prisoners have not benefited from measures introduced by the Bank of England in respect of low interest rates. This is because the likes of Northern Rock and Bradford & Bingley were bailed out by the then government which resulted in mortgage holders with these banks being stripped of their right to transfer products internally which was coupled with an interest hike due to the default standard variable rate (SVR) margin being hiked from (in many cases) 1.84% above Bank of England base rate to 4.29% (see figure 3). The salt in the wound has been the sale of their homes to so-called vulture funds, one of which – Cerberus - is based in the US and does not pay taxes in the UK, while others have been sold onto subsidiaries of active lenders such as MAS No. 5 (Cooperative Bank) and Whistletree (TSB) who quickly realised that huge profits could be made.

Since forming the UK Mortgage Prisoners group, we have learnt that not all those with active lenders have fared well either. It appears that many high street lenders have been able to profit from some of their most vulnerable customers too by hiking margins on SVRs. Thirteen years on, we recognise similar behaviour from banks who appear keen to profit from the global pandemic; by reducing the options available for mortgage products, many are simply left unable to re-mortgage - thus paving the way for a whole new generation of mortgage prisoners and subsequent suffering.

Figure 3 Northern Rock SVR Margin Pre/Post 2008 Global Financial Crisis

SVR		BOE Base Rate	MARGIN
			RGI 
2006	6.59	5	1.59
2007	7.34	5.5	1.84
<b>2008</b>	<b>7.59</b>	<b>2</b>	<b>NR collapse 5.59</b>
2009	4.79	0.5	4.29
2010	4.79	0.5	4.29
2011	4.79	0.5	4.29
2012	4.79	0.5	4.29
2013	4.79	0.5	4.29
2014	4.79	0.5	4.29
2015	4.79	0.5	4.29
2016	4.54	0.25	4.29

According to the report by the Joseph Rowntree Foundation, during the pandemic, 210,000 homeowners have fallen into arrears. While it is accurate that mortgage holidays can be taken, these can only be accrued for six months and, although the Treasury and FCA promised otherwise, these will affect mortgage holders' ability to re-mortgage to cheaper deals. It is also true that mortgage holders can apply for Support for Mortgage Interest (SMI), this will also restrict the potential to re-mortgage as this must be taken as a government loan and paid back before re-mortgaging to a new lender. As such, the Joseph Rowntree Foundation clearly state that the effects of applying for such 'support' will be long-lasting. Indeed, even the potential figure of 14,000 out of 250,000 mortgage prisoners that the FCA claimed 'may' have been helped through (supposed) relaxed affordability tests, is likely to be a much smaller figure given the exacerbated effects of the pandemic and the failed sticking plaster policies put in place.

We have shown through these survey results that many mortgage prisoners have been living in prolonged financial hardship and disposable income related poverty for over thirteen years. Indeed, the policies put in place to support mortgage prisoners have been little more than a public relations exercise, in many ways simply repeating generic copy and paste quotes and statistics that are unfounded (and unpublished publicly at least) into many communications between the Treasury, MPs, media and mortgage prisoners. The results below will now

explore how these every day experiences affected the children and young people who grow up in a mortgage prisoner household.

## Results Part two: Life growing up as a mortgage prisoner; a retrospective perspective

Besides the more general question in respect of gender and employment/education status, respondents were asked specific questions relating to how being the child of a mortgage prisoner had impacted on: 1) their life; 2) their mental health; 3) their educational and social opportunities and 4) how they perceived being a mortgage prisoner had impacted on their parents. Overall, 17 young people stated that there had been a negative effect on their mental health while 19 claimed that their educational and social opportunities had been affected as a result of their parents’ financial situation which was associated with being a mortgage prisoner.

*Table 3 Impact on mental health and educational and social opportunities*

Response	Has being the child of a mortgage prisoner impacted on your mental health?	Has being the child of a mortgage prisoner impacted on your educational or social opportunities?
Yes	17	19
No	4	2

### How has being the child of a mortgage prisoner impacted on your life?

The first of the survey questions sought to obtain general views and experiences of how being the child of a mortgage prisoner had impacted on their life. Unsurprisingly, the lack of money and ‘going without’ were mentioned as key factors affecting their childhood, with 15 respondents specifically referring to money as a significant factor in contributing to their negative experiences. For some, the lack of disposable income due to high mortgage payments meant missing out on memorable occasions such as family holidays and school trips

that their peers were able to have. For some young people, this meant, at best, having never experienced a family holiday abroad or, at worst, having not experienced even less expensive holidays and quality time with their parents in the UK:

***We was never able to afford things that my friends could afford. When big school trips came up in high school I was never able to go because of money. We often went on holiday in the UK because we couldn't go abroad.***

**(Female, 22 years old)**

***I never had holidays with my mum. We would go away for a day but not more. My mum was always sad because she didn't have money and was very stressed.***

**(Female, 18 years old)**

'Missing out' on school trips and other things that their peers were 'regularly' able to do was also frequently mentioned which respondents stated was owing to their parents having 'huge mortgage bills'. Many stated that they would refrain from asking or even telling their parents when such occasions arose so as not to cause further financial stress or feelings of guilt on their parents for not being able to afford these. This was often despite some parents – in both single or dual parent households – working “three jobs” and/or seven days a week” just to “pay the mortgage”. Many children and young people carried similar financial burdens that their parents had experienced, despite some stating that they had tried hard to protect them from knowing the extent of their concerns and by ensuring they “were loved”. Nevertheless, in many cases, children and young people were acutely aware of their parents' struggles which left some of them feeling responsible for ensuring that what should have been positive transitions into adulthood would not leave their parents financially worse off:

***My parents have always had to live week to week - never able to do a regular food shop. Parents tr[ie]d their hardest. I've had to pay rent even though I am at university. I often have to lend them money.***

**(Male, 18 years)**

Another respondent echoed similar feelings of financial responsibility towards her parents. This was coupled with painful memories of listening to her parent's relationship buckling under the financial pressure and the anguish she still felt today about their predicament over 12 years later:

*My parents moved the family across the country when I was 12 to pursue a dream, everything was lined up and all finances planned. The economic crash then happened and my parents' mortgage was sold on and they became mortgage prisoners. They suddenly had to pay more money each month and even at 12 I would hear arguments between them at night. They were both now self-employed, in a new town and scared. My whole childhood there was a black cloud over money as they had to plough everything into the mortgage. I never dared ask for anything and vital home renovations went undone. I pretended I wasn't bothered about school trips or holidays as I couldn't bear for them to feel guilty. I wore hand me downs from my sister and cousins with a smile on my face for them. My great auntie died a few years later and I remember having a conversation with my mum where I gave her permission to use the little inheritance she had left me for whatever they needed it for. I cannot stand the fact that my parents worked so hard for so long and have nothing to show for it. They never missed a mortgage payment even if it meant missing other payments. They're still having to scrimp and save now and it's heart breaking.*

(Female, 24 years)

Despite the efforts of parents to shield them from knowing the extent of their financial predicament, and how this had impacted on them, many young people stated that they were aware of the spiralling mental health of their parents which had and continued to cause the respondents much distress even as adults:

*Watching my Dad work every day even when he is ill. He has had heart attack but he won't rest. He believes he has let everyone down- I know he went in a mental unit on my 22nd birthday because his suicidal thoughts were overwhelming him- He doesn't know I know that-I worry about that a lot.*

(Female, 26 years)

***[T]he stress my parents went through with us growing up has had a massive impact not only on myself but on my sister...My parents were also depressed because of all this and I feel like the relationship I had with my parents were deeply impacted by the stress they were under to stay afloat.***

**(Male, 26)**

## **Mental health consequences for children and young people**

As stated above, 17/21 respondents said that being the child of a mortgage prisoner had directly impacted their mental health. Seven respondents attributed this to worrying about their parents' situation whilst 2 stated that they had felt to blame as children for contributing to their financial stress. Three commented on how, as children, they were constantly "scared" or would "panic" about losing their home. Such pressures were exacerbated for one young person when the sole earner became ill - all during a period when academic performance was crucial to her future life chances:

***As we have got older they have been honest with us about the situation and its all just very stressful, on top of GCSEs and now my A Levels, which were enough pressure without being stressed about whether we may have to move or the smell of damp etc etc. My Mum was ill last year and had to be in hospital for 3 weeks and we felt very vulnerable & worried. She was the only one earning as Dad had been made redundant and I cried myself to sleep a few times thinking we could potentially be homeless too if she didn't get better quickly.***

**(Female, 18)**

Concerningly, 7 young people suffered from worry, and/or had been diagnosed with anxiety and depression; some of whom were now on prescribed medication and another who had experienced suicidal thoughts. The feelings of constant worry in childhood had followed many into adulthood, ultimately leaving some with a sense of hopelessness that they struggled to leave behind:

***Over the years I struggled with strong depression, I've been on various different antidepressants and sought therapy, I've never fully stopped having bad mental***

*health since. When you live in a household with depressed parents it rubs off on you and sometimes subconsciously, they take their anxiety, depression and stress out on you. I understand now that it was never their fault, I understand what it's like dealing with debt and trying to stay on top of things and how they can bring you down, I can just imagine what it's like being stuck in an awful financial situation and explaining to your kids why they can't do or have the other things kids have and do.*

**(Male 26)**

Over the last three years of the UK Mortgage Prisoners group, many women have reported being unable to remove their (ex) abusive partners from the joint mortgage many years after escaping abuse and/or being left to cope with crippling interest rates with no financial support towards the mortgage or for their children. In some cases, women have reported being unable to transfer to a much lower rate because an abusive ex-partner refused to sign for a new deal. This economic manipulation has been described as 'post-separation abuse'<sup>7</sup> and was captured by one young person who provided only a few words to describe what it was that affected his mental health as a result of being the child of a mortgage prisoner:

*My dad still being on the mortgage has allowed him to blackmail my mum.*

**(Male, 20)**

## **Educational and social consequences**

As outlined above, 19/21 respondents stated that being the child of a mortgage prisoner had directly impacted on their educational and social opportunities growing up and, in some cases, they perceived that this had limited their life chances. Six young people recalled having missed out on school trips. This is concerning given the known educational and self-growth benefits that such opportunities bring such as 'deeper subject learning' and 'increased self-confidence' and as such, educational visits should be seen as central, rather than auxiliary, to the education process<sup>89</sup>. Given what is already known about many mortgage prisoners' income and employment status<sup>10</sup>, it is reasonable to suggest that the children of mortgage prisoners would be unlikely to qualify for means tested school grants, such as the pupil premium which is based on being on a qualifying benefit and registered for free school meals<sup>11</sup>. This is because many would not be considered to be on a low income (one parent

did comment that this was indeed the case). It is, instead, the mortgage to income ratio (32% for mortgage prisoners v a national average of 18%) that affects the family's disposable income as a result of reverting to expensive SVRs and being excluded from the competitive mortgage market which would enable switching to cheaper deals. Hence, for some young people, school trips were just not 'an option'.

***School trips and other paid for experiences at school were never really an option, not that this is the end of the world but seemed unjust.***

**(Male, 19)**

***I would feign non-interest in school trips so as to not cost my parents money which means I missed out on educational learning and building social communications with peers. I wore school uniform which had holes in and was worn thin in places as new ones were a significant amount. When it came to leaving school I decided not to go to uni as the uni fees had been increased and I daren't ask my parents to fill out a means test. I know it would have killed them. I got an apprenticeship instead and I think every day about what I missed out on by not going to university.***

**(Female, 24)**

As quoted above, educational opportunities as a result of being the child of a mortgage prisoner were not just limited to school age but had gone on to affect choices about college and higher education. Two young people said they had chosen to do apprenticeships instead of university or A levels because of their home's financial circumstances, while another chose not to go because they did not qualify for a "grant". One young person who was concerned about the welfare of one of their parents was unable to keep up college, instead choosing to be at home 'in case something happened'. Some clearly did pursue higher education given 8/21 respondents were in either college or university. However, two of these said they had decided to stay at home and support the family financially via paying rent; ultimately meaning



that they had missed out on the “university experience” or developing and maintaining “closeness” with their friends:

*I wanted to live away at uni but my parents lost part of the tax credits when I turned 18 and so they were already short of money. I felt I had to stay at home to pay rent as I know how much they struggle to do the best for all of us.*

(Male, 18)

However, the consequences of being the child of a mortgage prisoner also went beyond educational trajectories. Nine young people said that their parent’s financial circumstances had affected their social lives. Many young people had avoided asking for money so as not to make their parents feel “pressured” which meant being unable to go out with their friends “shopping”, to the “cinema” or joining “football” clubs.

*A lack of disposable income means that I missed out on many opportunities that many of my peers went to as I didn't want to ask for the money to attend.*

(Female, 22)

*Social activities were non-existent when parents got into difficulty after father lost his job.*

(Male, 27)

*My Sister & I fund-raise & use our birthday gift money from relatives to pay for our dance lessons because we really want to do them. I can't get a job because Mum needs help with her work, housework & some personal care as she's still not very well though has to work too, I wouldn't have time with all my A Level course work. I do some babysitting for friends to pay for clothes & make-up - luckily, I like vintage clothes, so they are cheaper! When my friends talk & are planning concerts & festivals, I just have to say No I can't go & cinema or a Nandos out would only be a real treat, my friends seem to understand about money situations & lately I have started telling them what the government did with our mortgage. Mum & Dad paid a monthly amount from when I was born, into a policy for me to be able to start driving at 17 1/2 it matured though they have had to use the money to pay the*

***mortgage, so I have not been able to start lessons yet. Most of my friends are driving now or learning. I don't know when I will be able to start.***

**(Female, 18)**

It was apparent that, despite their parents were working “hard” and in some cases more than one job, many children and young people missed out on extra-curricular activities that are central to sound psychosocial development and wellbeing.

## **Perceived impact on parents**

Even as adults now, many of the respondents were still deeply affected by the impact on their parents long after they had moved out of the family home. Overall, there was a sense that their parents had “worked themselves to the bone” for “far too little reward” and in some cases with little chance of owning their own homes even after paying such extortionate rates for over 13 years. One young person recalled their parents working “long hours” and “sometimes 7 days a week” on opposite shifts to accommodate caring for the children but ultimately compromising the time they were able to spend alone together and as a family.

***I remember my parents being stressed and rowing about money. It impacted my mums health massively she had to give up work. My dad is out the house for 12 hours a day ... and is exhausted. I feel they are just not getting anywhere despite trying their hardest.***

**(Male, 18)**

Others recalled the “worry” and “stress” experienced by single mothers and struggling to keep things “normal” while being subject to unfair lending policies that penalise those who do not fall into the “traditional” nuclear family:

***My mother...she gets overwhelmed every month the mortgage goes out. She now has Fibromyalgia which has begun to make a physiological impact. It seems unfair to all of us but especially her because she has never missed a payment but it would help to have the option of switching to a cheaper mortgage. Not everyone has a traditional home life and since losing our father, her husband - things are tougher.***

**(Female, 24)**

Many more told of memories of “arguments” and “stress” about money and such pressures had not only had an impact on family life as outlined above, but had taken its toll on the physical and mental health of their parents:

*It has completely destroyed my mother’s health and she is now extremely ill with a life limiting disease. She is registered as disabled. Both she and my father are very depressed by this plus he is having to work past retirement age to pay a huge mortgage each month.*

(Female, 18)

*My stepfather had a mental breakdown due to financial difficulties, he completely lost his memory, which took him back to being 18 where his life was safe and easy. This lost him and our family a lot of years and more financial difficulty...he is on the road to recovery with medication and a mental health team.*

(Male, 23)

*They’ve been very depressed for years, the financial situation and stress it put them in is a very horrible thing to deal with, especially when you have four mouths to feed. Often my parents would just be silent and distant from the world due to their mental health. I remember overhearing my dad saying to my mother how close he was on giving everything up, it almost broke our family up my parents are both still scared from being stuck in a horrible circle of scraping through each month.*

(Male, 26)

## Results Part three: The Impact on Children and Young People: A Parent’s Perspective

As mentioned previously, for ethical reasons we were only able to obtain a retrospective perspective from those children and young people who had grown up as mortgage prisoners but were now adults. However, we were still keen to understand the more current and on-going experiences of those who were still living through this in the present time. To do this, we surveyed parents to tell us about how they perceived their children were impacted by their mortgage prisoner financial status.

Echoing some of the retrospective perspectives and experiences of the young people outlined above, parents stated the following detrimental impacts:

- Little to no holidays, school trips, or other social activities
- Family functioning
- Inadequate facilities and/or space for growing families and children's needs
- Children and adult poor mental and/or physical health

## Impact on educational, social, and extracurricular activities

In total, 38/44 parents who responded to the survey stated that their children had missed out on school educational trips, family holidays, and other extracurricular and creative but important activities for psychosocial development and wellbeing such as swimming lessons, joining sports clubs and learning musical instruments. Some parents were concerned that missing out on such opportunities would have had a detrimental effect on their children's social skills, confidence and, equally, stifled aspirations. Others were concerned that their children being unable to socialise with peers outside of school and do fun things such as shopping, eating out, and going to the cinema would have a lasting impact on making and sustaining lifelong friendships:

***Financially we have struggled to cover just the essential expenses of running a family home. There has never been 'extra' money. This has meant my child has not had the opportunities to experience things that were offered over the years. School trips away have never been an option and I know now the notes home about ski trips etc don't even get given to me because he knows there isn't money for those sorts of things. Within his peer group I know he's not been able to do as much as others. Trips to the cinema, eating out, swimming, shopping just the normal things friends like to do together have been avoided because of lack of funds. I know this will have effected my son as through your childhood your friends mean so much to you & not being able to join in socially with activities will be tough to deal with.***

**(Parent of one child aged 16-17)**

***Socially- both my son and daughter suffered in their early years as we didn't have disposable income to put towards them being able to extracurricular activities and mingle with children of their own ages and develop as they should / could of.***

**(Parent of two children aged 13-15)**

***They miss out on so may opportunities because we earn too much to qualify for help..... Yet we can't afford to do these things because of our mortgage. I can't afford to buy new shoes for them, my mother has had to buy them school shoes this term because mend and make do had been stretched enough.... Its embarrassing for them and us we all feel ashamed but there's little can be done. They worry about money and choose not to even bring the forms home any more as they "don't want us to feel bad".***

**(Parent of two children aged 6-9)**

## **Impact on family functioning**

In respect of family functioning, ten respondents stated that being mortgage prisoners had directly impacted on the time they were able to spend together as a family, and/or that the financial stress had culminated in household arguments, and in two cases had resulted in family breakdown – the latter of which has been frequently reported in UK Mortgage Prisoners surveys. The lack of quality family time was attributed to one or both parents juggling several jobs, working seven days a week, and/or leaving early and returning late so much so that younger children missed out on seeing their parents. Concerningly, vital bonding in the early months of a child's life were disrupted in two women's experiences who forfeited their maternity leave just weeks after their babies were born solely to be able to afford the crippling mortgage payments.

***They have lost out on time with their Dad as he works 7 days a week in order for us to pay our mortgage. They have missed out on the simple things in life like days out at the weekends with family as one we couldn't afford it and two their dad was working. He works long hours and often leaves before they are awake and when***

*they were younger they would be asleep before he arrived home. Our daughter suffers from anxiety and depression and one of her biggest issues is that she feels she hasn't had a dad around as he worked too hard. Being trapped has had a detrimental effect on our children's lives, depriving them of quality time spent as a family.*

(Parent of two children aged 10-12 and 16-17)

*They don't get to go on holidays like their friends do as we don't have any spare money. We hardly spend time as a family as my husband has 3 jobs so the girls are missing out spending time with their Dad. We struggle to find money for out of school activities like swimming lessons. They shouldn't have to miss out on things that we would be able to give them if we weren't stuck on high interest rates.*

(Parent of two children aged 3-5 and 6-9)

*She never asks for much but I feel I fail her all the time due to the financial hell I am living in. Also, this had a major effect on my separation with her father, the financial strain was too much. This caused her much hurt and pain at a young age.*

(Parent of one child aged 10-12)

## Trapped in housing unsuitable for family needs

A concerning 17/44 respondents stated that they were living in homes that were unsuitable for their family's needs. In some cases, this was because couples had become parents for the first time after being trapped by their mortgages and being unable to move to larger properties. One family with one child already, aged 7, were unable to move to grow their family, but worried that in their 30s time was running out so they had another child. However, this now meant living in a small two bedroom flat with two siblings sharing a room with a seven-year age gap. This was further complicated in many other cases where three siblings

shared one bedroom. In the case of one of these families, three mixed-sex siblings shared one room whilst the eldest daughter was going through puberty. This is despite the NSPCC recommending that boys and girls over the age of 10 require their own separate bedroom and meeting the criteria for overcrowding in the Housing Act 1985<sup>12</sup>. One parent stated that their son (aged 6-9) shared a room with her and his dad, whilst another parent said that having only one bedroom in his home meant that he had been sleeping on a couch for over 7 years:

***As I am completely trapped, interest only, no equity and no ability to move I am in a 1 bedroom flat. I have slept on my sofa for 7 years so she can have her own room. She can't have friends over etc... I am a single dad. I must stress I can pass affordability to move and credit check, it's the 0 equity as a result of being trapped on interest only that has caused this.***

**(Parent of one child aged 6-9)**

Cramped spaces and lack of separate rooms not only affected children and young people's ability to have time alone, but also had social and educational impacts and, ultimately, created issues around family cohesion:

***Due to being unable to move our 3 children have had to share a room with little space, they are unable to invite friends over which is affecting them socially and also educationally as they are struggling to form relationships with other children. They don't have the space to do their homework in peace with too many distractions they are unable to concentrate. We are unable to have family gatherings as our house is too small so they rarely see their cousins, aunties and uncles and grandparents. Our eldest has to go and stay with his grandparents a couple of nights a week to get the space he needs splitting our family which then also affects the other two. They have two parents that are unhappy and constantly emotional and fighting depression this is having a serious impact on them. They deserve to have happy parents that can give them all the time in the world, but due to the constant battles as a mortgage prisoner it takes a lot of our time and effort so the children are not getting what they deserve. Two parents that are constantly worrying is not good for children to see,***

***they need their own space to thrive. No one sees this side but we see the effects on them everyday.***

***(Parent of three children aged 0-2; 6-9; and 10-12)***

Ten respondents said their children were not able to invite friends over, hold birthday parties or have sleep-overs which culminated in social hardship for their children, embarrassment and even, on occasions, bullying from their peers:

***My children are embarrassed about our living situation and do not invite their friends to our house. They have suffered verbal abuse from other children because they all share a room.***

***(Parent of three children aged 13-15)***

## Children and young people's mental health

The most concerning finding of all was that 12 parents perceived that their children's mental health had been impacted as a direct result of them being mortgage prisoners. Some parents described their children (of various ages) as "worried" and, despite trying to protect them, parents were ultimately aware that their financial situation was difficult to hide from them. The impact on their children's wellbeing was perceived to be owing to financial stress culminating in arguments; family breakdown and lack of disposable income (exacerbated in single-parent households). The perceived detriment was further extended to the absence of spending family time together and going on outings or spending time with friends whilst the poor mental health of the parent(s) was perceived as "emotionally" affecting them:

***My children have had to live with the stress of our financial situation since they were born. We have relied on a family member to avoid us being in arrears as I was so terrified of repossession. The effect on my mental health has obviously had a profound effect on theirs – unwittingly - especially during my marriage break up with their father.***

***(Parent of two children aged 6-9)***



*Never had a day out nor a holiday as couldn't afford it. Couldn't afford school trips or attend birthday parties due to me having no money as husband left so became a single parent too. I was constantly depressed and crying and laid in my bed when not at work as felt so hopeless.*

(Parent of one child aged 16-17)

*My son is very sensitive and if he sees his parents upset, it affects him massively. I do try to cover up as much as I can so he isn't affected, thus putting more pressure on me and my husband.*

(Parent of one child aged 13-15)

In other cases, it was the fear of repossession which was at the heart of much distress which reverberated and lingered in the lives and minds of the whole family from month to month:

*In recent times the family has experienced the fear of our house being repossessed. The court proceedings was dreaded and anxiously awaited by all. My son was particularly anxious leaving for school in the morning not knowing until coming home from school whether we were going to lose our home or not. That day at school for him must have been so stressful & very hard to concentrate on school work. We have been able to stay in our home & pay back our arrears monthly. Since that time most months he will ask have we got enough money to pay for the mortgage, he's worrying constantly that this month we could lose our home. I've caught him on a few occasions watching me when I'm at the computer paying the bills, I know he's waiting to see my reaction or listen to the phone calls. He'll then later on always ask 'everything ok mum' This makes me so sad that he's had to experience this.*

(Parent of one child aged 13-15)

### 3. Conclusions and Recommendations

The findings in this report have shown that many mortgage prisoners are living in financial hardship; disposable income related poverty due to crippling interest rates; and some are at (imminent) risk of losing their homes. In these homes, live the children of mortgage prisoners. The lasting effects on their mental health and life opportunities have been told through the retrospective perspectives of children and young people and through their parents, some of whom have mental and physical health concerns of their own. Despite, in many cases, working seven days a week and having multiple jobs, the excessive mortgage payments over thirteen years has meant that there was little to no money for school trips, social activities, holidays, and has impacted on quality family time. This has resulted in family discord and distress which was felt by children and young people for many years after some had moved out of the home.

It is now time for the government to act. It is not right that homeowners who have done the right thing are continually told that they 'cannot afford to pay less'. It is not right that their children grow up in financial hardship through no fault of their own but due to successive Governments' failure. They have a 'moral duty' to intervene<sup>13</sup>.

#### **What we recommend is:**

**Government should implement the proposed Cap on SVR<sup>14</sup>** on closed book mortgages which will give immediate cash flow relief to thousands of families. This will give them the financial freedom to:

- Support their children in accessing school trips and extracurricular activities that are vital to psycho-emotional development and educational attainment
- Reduce family discord resulting from financial stress ensuring that children and young people are not exposed to prolonged periods of parental stress
- Promote quality family time and developmental milestones that are not cut short due to parents working multiple jobs, seven days a week, and/or forfeiting maternity leave and working through poor physical health

**If the Government will not support the SVR cap**, then an **immediate** alternative financial solution from the Treasury must be sought and implemented so as not to prolong further suffering and detriment.

**The Government should also seek to introduce** recommendations from the London School of Economics report on mortgage prisoners in respect of **‘government equity loans’**<sup>15</sup>. This would mean that:

- Those who have a high loan to value ratio and/or are in negative equity could re-mortgage onto a much cheaper rate
- Families where there is overcrowding and two-three children sharing one room, particularly in the case of opposite sex children above the age of 10, can move to a home more appropriate in terms of size and needs

**The Government should** support the **third amendment**<sup>16</sup> to the **Finance Bill** to introduce new fixed rate deals for mortgage prisoners.

**The Government should look to provide a specific fund for UK Mortgage Prisoners Ltd** which will allow the expansion of their **mental health support** to mortgage prisoner families and their children.

**The Government should now implement the ‘No consent, no sale’**<sup>17</sup> amendment to the Finance Bill to prevent this situation from repeating itself, creating more mortgage prisoners in the future. This is an increasingly likelihood since Covid-19.

**The Government is still a long way off addressing the serious concerns raised by the UN Committee on the Rights of the Child**<sup>18</sup> in respect of the effects of fiscal policies and allocation of resources. We therefore **recommend urgent action** to address the needs of **children in mortgage prisoner households**. The government should take seriously the “hidden voices” presented in this report and put this evidence to good use in policy making to level-up life opportunities for the children of mortgage prisoners and prevent any further detriment.

**Finally, all mortgage providers in open and closed books should sign up to the UK Finance Financial Abuse Code of Practice**<sup>19</sup> to support victims of economic abuse. It cannot be right that perpetrators of physical, emotional, and financial abuse are enabled to continue to control victims and their children through post-separation financial abuse.

## 4. Resources

Gingerbread. <https://www.gingerbread.org.uk/community/wellbeing-programme/>

Gov.uk COVID-19 guidance on supporting children and young people's mental health and wellbeing.

<https://www.gov.uk/government/publications/covid-19-guidance-on-supporting-children-and-young-peoples-mental-health-and-wellbeing>

Family Lives. <https://www.familylives.org.uk/how-we-can-help/confidential-helpline/>

Mental Health Foundation. <https://www.mentalhealth.org.uk/your-mental-health>

National Domestic Abuse Helpline. <https://www.nationaldahelpline.org.uk/>

Surviving Economic Abuse. <https://survivingeconomicabuse.org/>

**You can also contact UK Mortgage Prisoners**

UK Mortgage Prisoners Ltd. <https://www.ukmortgageprisoners.com/>



**UK  
Mortgage  
Prisoners**

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- <sup>3</sup> Molyneux, C. & Renehan, R. (2020) Coronavirus: UK Mortgage Prisoners' Report to Government [https://static1.squarespace.com/static/5f5c9de9056eda51fc181ea3/t/5f6b27de056d4e5b12cb1da2/1600858080670/UK+Mortgage+Prisoners+COVID-19+Report+to+government\\_final.pdf](https://static1.squarespace.com/static/5f5c9de9056eda51fc181ea3/t/5f6b27de056d4e5b12cb1da2/1600858080670/UK+Mortgage+Prisoners+COVID-19+Report+to+government_final.pdf)
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- <sup>5</sup> Joseph Rowntree Foundation <https://www.jrf.org.uk/our-work/what-is-poverty>
- <sup>6</sup> Joseph Rowntree Foundation. UK Poverty 2020/21 <https://www.jrf.org.uk/report/uk-poverty-2020-21>
- <sup>7</sup> Surviving Economic Abuse <https://survivingeconomicabuse.org/he-has-ongoing-indefinite-power-to-destroy-our-lives-why-the-domestic-abuse-bill-must-not-forget-victims-of-post-separation-control/>
- <sup>8</sup> Health and Safety Executive <https://www.hse.gov.uk/services/education/school-trips.pdf>
- <sup>9</sup> Joseph Rowntree Foundation (2007). Experiences of poverty and educational disadvantage <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/2123.pdf>
- <sup>10</sup> Molyneux, C. & Renehan, R. (2020) Coronavirus: UK Mortgage Prisoners' Report to Government [https://static1.squarespace.com/static/5f5c9de9056eda51fc181ea3/t/5f6b27de056d4e5b12cb1da2/1600858080670/UK+Mortgage+Prisoners+COVID-19+Report+to+government\\_final.pdf](https://static1.squarespace.com/static/5f5c9de9056eda51fc181ea3/t/5f6b27de056d4e5b12cb1da2/1600858080670/UK+Mortgage+Prisoners+COVID-19+Report+to+government_final.pdf)
- <sup>11</sup> The Pupil Premium (2020) <https://commonslibrary.parliament.uk/research-briefings/sn06700/>
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