@APPGMortgage
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UK Mortgage Prisoners

'FAIR MORTGAGES FOR ALL' CAMPAIGN

May 3rd, 2020

On Friday 1st May 2020, the FCA announced that it vowed to act where lenders and administrators were arbitrarily applying **'outlier rates'** and has written to firms to ask them to review their rates to ensure their customers were being treated fairly. We thank the FCA for this intervention, and their recognition that mortgage prisoners are indeed stuck with unfair rates. However, we are *again* worried that the FCA announcement is presented in such a fashion that will inevitably give people **false hope**.

We do not wish to dampen spirits, but for those of us who have ridden the emotional roller coaster for over a decade, and more recently began to engage personally with the FCA, key policymakers and regulated lenders, we are seriously concerned that this type of bold media statement will, yet again, fail to translate into anything tangible for mortgage prisoners. We will, of course, ask our members to keep us updated with any developments from their book holders. However, today's announcement from the FCA makes clear that we are now one year on and still, **nothing has been done**.

It is clear to us that "outlier rate" does not necessarily mean a market rate for new lending. It is likely that inactive lenders will argue that the SVR is a reversion rate which customers reverted to, in line with the terms and conditions of the mortgage. This intervention **only applies to firms that are regulated** and who have the power to reduce interest rates. Administrators such as Landmark who operate on behalf of the unregulated, US owned vulture fund Cerberus, **do not have the power to reduce rates** (affecting 90,000 mortgages sold by the UK government to Cerberus in 2016). Where administrators like Landmark **do not have the power to reduce rates**, the FCA state that they "*expect them to comply with general consumer protection law including the Consumer Protection from Unfair Trading Regulations 2008'.* This statement makes abundantly clear that mortgage prisoners have been left with second class, inadequate protections when the Government sold these on.

When UK Finance and the FCA jointly announced in January that it could do no more for mortgage prisoners trapped with unregulated firms until the Treasury extended their regulatory perimeter, John Glen, the Economic Secretary to the Treasury, announced that he would consider extending the regulatory perimeter, making it a 'personal priority' of his. However, we feel justified in suggesting this was nothing more than a public show and even though Mr Glen says he will act where 'potential harm' is apparent, he continues to ignore the twelve years of harm mortgage prisoners have already suffered and consequently continue to suffer on a daily basis.

Let us be clear of our demands:

- ***Stop*** selling homes to vulture funds
- ***Extend*** the regulatory perimeter
- ***Cap*** margins on SVRs
- **Act** *now* to bring all mortgages back under regulated and active lenders

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