

October 29th, 2019

UK Mortgage Prisoners would like to thank the FCA for their press release today and we look forward to seeing which lenders decide to adopt these new rules. We also need to wait to hear what lenders propose in terms of non-discriminatory mortgage products and policies that will allow a smooth transition. However, as feared, the FCA rules do not go far enough and, whilst potentially positive for a small number of mortgage prisoners, this will not help the majority of those trapped into high rates for more than a decade now. We would urge those that do feel these new rules will help them to consider trying. It would appear, though, even those that do fit the FCA criteria will still have to wait a significant amount of time before lenders develop and implement the appropriate tools and processes (if they so choose) for mortgage transfers. Given the rules are only voluntarily applied, we are yet to see whether any apply these at all - much like the transitional arrangements in the Mortgage Conduct of Business in the wake of retrospective lending rules following the financial crisis. In theory, inactive lenders will be compelled to inform mortgage holders that they may be able to re-mortgage to a lower rate mortgage but in practice they do not have to do this for another ten months. As we have continually told John Glen, the FCA rules will not go far enough, or fast enough, to help mortgage prisoners who find themselves working 14-hour days, seven days a week, just to keep up mortgage payments at three and four times the market rate. And it will not help those who are at risk of losing their family home in the next few years because the rules do not allow them to transfer to a repayment mortgage. This is a ticking time bomb that will lead many 1000s of people to lose their homes as the lending period ends and they have no vehicle to pay the mortgage loan after a decade on extortionate SVRs. And it does not help those in arrears precisely because of the hardship these SVRs have caused. Until the Government realises this and introduces more than symbolic legislation, the horrendous stories from mortgage prisoners will continue to roll in.