



Time for freedom of mortgage prisoners

January 2021

UK Mortgage Prisoners group was established and is run by people with lived experience of being financially and emotionally trapped on much higher interest rates, at no fault of their own, for over a decade. We have long been fighting for freedom from the clutches of vulture funds to which our mortgages were sold.

The APPG on Mortgage Prisoners, chaired by Seema Malhotra and supported by senior cross-party back bench MPs, are pushing to free our families from suffering any longer. Under three amendments to the Financial Service Bill tabled last week, the proposal aims to support mortgage prisoners that are trapped in closed books such as Heliodor, Landmark, and NRAM.

The situation UK Mortgage Prisoners have been left in, has been left to erode thousands of families financial and mental wellbeing. John Glen MP and the Government have the opportunity to put this amendment in place, righting the failings of not protecting these mortgage books in the first place. After a decade this has caused moral harm for all UK mortgage prisoners. We urge all MPs to back this to give real relief to their constituents and their families.

If agreed, the benefits would bring immediate relief to thousands of families. For some the Bill amendments would be life changing with members reporting that they would save hundreds of pounds each month, which could either be used to pay down their mortgage by making over payments, or otherwise, pay down debts accrued over the years trapped on high interest rates. This would also resolve the issue of interest only mortgages coming to term as many could transfer to a repayment or part-repayment mortgage with the savings they would make. For others, it could be used to simply make living easier on a day-to-day basis, able to afford items many families take for granted, for example, replacing broken appliances or having a day out with the kids. By improving their own lives, they can also begin to put back into the economy as a consumer of goods and services, rather than that additional overspend each month going into the hands of overseas vulture funds and their investors.

Capping the Standard Variable Rates for closed book mortgages is the undeniable first step to at last freeing mortgage prisoners, offering an instant solution for the worst cases which up to now have been ignored. Senior cross-party back bench MPs are advocating for a moderate cap to operate only in closed book cases, where mortgage prisoners have their hands tied with no option to change provider or product and zero competition. The impact on mortgage prisoner's wellbeing will be overwhelming with most suffering poor mental health and family breakdowns alongside suicides and economic abuse.

Alongside this crucial first step, the amendments would also bring vulture funds under FCA supervision for the first time and require mortgage customers to give their informed consent before their mortgage is transferred to a new lender, in a move similar to the No Consent, No Sale legislation being brought forward in Ireland.

In the last month, UK Mortgage Prisoners Group have received unprecedented levels of demand for our support and advocacy services. We have families contacting us daily reporting unbearable poverty, unable to buy food for their families. Some are close to losing their homes after years of trying to keep up to date

on their monthly payments, forfeiting food to pay the additional interest. The COVID-19 pandemic and the additional pressures that has brought along means we are now experiencing more demand for support and advice. Some are nearing the end of their mortgage term, which adds a level of urgency to the passing of these amendments if these families are to be saved from homelessness.

UK Mortgage Prisoner Action Group