



4 August 2020

Press release: UK Mortgage Prisoners response to FCA 'Statement on mortgage prisoners' and 'Consultation on mortgages'

While the recent FCA consultation has not directly been prompted by the plight of mortgage prisoners, we welcome any interventions that might alleviate the financial insecurity and emotional distress they have faced for many years. We welcome comments by incoming FCA Chief Executive, Nikhil Rathi, and his commitment to supporting mortgage prisoners who have been stuck with what the FCA group together as 'inactive lenders'. However, the conflation of inactive and unregulated 'lenders' is conceptually problematic as the harm experienced by those whose mortgages sit outside of the regulatory perimeter is obfuscated. 90,000 mortgage prisoners are owned by unregulated firm Cerberus, which has total discretion for setting interest rates. Not its regulated administrator (debt collector) Landmark.

Extending the period in which maturing interest only/part interest mortgages until 2021 will, no doubt, come as a relief to borrowers whose repayment vehicles have been stunted by the COVID-related economic crisis. As are proposals to relax affordability assessments for those whose mortgages sit within 'closed' subsidiaries of larger financial groups. But again, these measures are not compulsory. Nor do they help most mortgage prisoners who have no repayment vehicle and have kept up to date with payments for over a decade or have been pushed to the brink of financial ruin due to excessive rates. This virtue signalling must stop. Our members need capped standard variable rates, access to the competitive market, and for their homes to stop being sold to these vulture funds. Our members are not an add on to general mortgage market conditions from the current financial crisis, they are the ones left behind from the economic crisis of 2008 and deserve more than a PR salute.

UK Mortgage Prisoners