

Mortgage prisoners talking directly with lenders to find solutions

by: [Liz Bury](#) 15/10/2019 Mortgage Solutions

Campaign group UK Mortgage Prisoners has stepped up its efforts to change the law to block future mortgage book sales to unregulated lenders and to offer redress to those affected.

The group has begun talking directly to the mortgage industry, with Co-operative Bank and RBS reaching out to the campaigners in attempts to find solutions. And they are due to meet with UK Finance at the end of October with the intention of helping improve understanding between parties.

The group has already called on economic secretary to the Treasury John Glen MP to meet for talks about changing the law and [picketed his office in Salisbury after repeated attempts at contact were ignored](#).

They say the buck stops with Glen and home secretary Sajid Javid who have authority to legislate to help existing mortgage prisoners and to ensure no more borrowers get trapped with inactive lenders.

In June, [Glen told the Treasury Select Committee he expected the Financial Conduct Authority \(FCA\) to implement changes rapidly](#), but the results of its consultation are not expected until the end of the year.

‘Graveyard justice’

The increased pressure from the group has come ahead of the one-year anniversary of the BBC Panorama film ‘Trapped by My Mortgage,’ which aired on 27 October 2018.

Campaign organiser Rachel Neale told *Mortgage Solutions*: “We want them to look back at what happened to us and to stop that right [for a mortgage book] to be sold to any company, unless it is regulated and a bank. And to look at redress for the situation they’ve allowed people to be left in.”

“We met Andrew Bailey [chief executive of the Financial Conduct Authority] in May and were told [the consultation on responsible lending](#) would be a quick way of helping mortgage prisoners. They are now saying that the results will published towards the end of the year.

“I call it graveyard justice. They are just using it as an excuse,” Neale said.

However, the campaigners are calling on government to get their act together.

“It’s a huge mess and people’s problems are getting worse. Every week I get six or seven emails from people in arrears or about family breakdown. A year on from Panorama, we’ve had the [inquiry by the All-Party Parliamentary group](#), the debate in parliament and the FCA consultation. Now we want the government to act.”

Mortgage prisoners picket offices of John Glen MP in attempt to force action

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A group of mortgage prisoners has demonstrated outside the offices of economic secretary to the Treasury John Glen MP demanding faster action to free them from their pricey loans.

The group travelled to Salisbury to confront Glen in person because he refused to meet with them despite numerous attempts to speak to him, [according to a report in Salisbury Journal](#).

Glen is Conservative MP for Salisbury and South Wiltshire along with his role in the Treasury.

Mortgage prisoners are borrowers whose loans were sold to non-active lenders and who are unable to switch, owing to changes in affordability criteria or their circumstances — even though their monthly repayments would be made cheaper by doing so.

Many mortgage prisoners are trapped on relatively high standard variable rates while interest rates in the active mortgage market have been drifting lower.

Estimates peg the number of mortgage prisoners in the UK at between 150,000 and 200,000.

They include former Northern Rock and Bradford & Bingley customers whose loans were sold by the Treasury to inactive lenders when the two firms crashed during the financial crisis.

Speaking at the CityUK annual conference in June, Glen said: “When I came into post in January 2018, I was struck by the extent to which the financial crash still casts a shadow over the city.

“I’ve placed a significant portion of my time seeking to rebuild trust between consumers and the financial services sector . . . working with regulators to help free mortgage prisoners.”

FCA consulting on changes

The Financial Conduct Authority [began consulting in March on proposed changes to responsible lending rules and guidance](#).

The proposals on modified affordability assessments were broadly welcomed by professional bodies across the mortgage market, but were anticipated to help only 2,000 to 14,000 mortgage prisoners and have been criticised for the approach.

The Intermediary Mortgage Lenders Association (IMLA) [urged the regulator and government to reconsider legislation that would help more mortgage prisoners but was abandoned in 2013](#).

UK Finance and the Building Societies Association [called for more data on mortgage prisoners to help focus policy and speed up implementation by lenders.](#)

The final rules have yet to be enacted.

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Glen was contacted by *Mortgage Solutions* for comment.

He told Salisbury Journal: “It is complex because it requires bringing a lot of different stakeholders along but I am optimistic that a solution is close.”

More than a decade on from the crisis, the affected mortgage customers appeared to be running out of patience.

They told Salisbury Journal: “We are UK taxpayers who have been struggling for 12 years on extortionate standard variable rates while the rest of the country has gone through austerity on low interest rates.

“We need action. We’re not going away and we’re here today to make sure John Glen hears our voice.”