

## **Mortgage Lending Falls In April**

*The number of approvals for mortgage loans in April fell for the 12th consecutive month, according to new statistics from the Bank of England.*

June 3, 2008 (FPRC) -- According to the month's figures, there were 58,000 loans approved for the use of house purchase, while 52,000 loans were granted for other purposes such as personal loans. However, while both of these figures were down against March figures, the number of remortgaging deals increased over the April period. Although there was a net increase in total lending to individuals, the growth rate fell from 0.6 per cent in March to 0.5 per cent in April. In total, 7.3 billion pounds worth of loans were approved in April, with 6.4 billion pounds of the net total granted for secured loans deals.

The increase in net consumer credit (900 million pounds) was below the growth rate seen in March and the previous six month average. Consumer credit constitutes credit card lending and other forms of lending and advances such as student loans.

Overall, there were 5,000 fewer mortgage loan approvals than there were in March and 15,000 less than there were in January. Furthermore, while there were 98,000 successful remortgage applications March, in April that figure rose to 106,000.

Following the release of these statistics, independent financial advice service the Motley Fool has urged consumers to prepare for the 13th consecutive monthly fall in mortgage approvals. David Kuo, head of personal finance at the group, asserts that with fewer than 2,000 mortgages approved each day over the course of the month, this is the lowest approval rate seen in any month since the Bank began mapping the data in 1999.

"The drop is not unexpected given that lenders have been exploiting the Bank of England's three interest rate cuts this year to beef up their own balance sheets. But it is, nevertheless, a wake-up call for homeowners hoping to put their properties on the market this year. In the space of a year, the housing market has turned from a strong seller's market to a brawny buyer's market. But with more tightening likely, the fall in monthly mortgage approvals could extend to 13 next month," said Mr Kuo.

According to the group, property prices may drop by as much as 20 per cent over the course of the year. As such, it advises sellers to reevaluate the price of their property to avoid seeing a deal fall through at the eleventh hour.

"It means forgetting about how much your property was worth previously, but how much it may be worth tomorrow," Mr Kuo concluded.

Meanwhile, for those who are finding it difficult to obtain a mortgage deal due to an unfavourable debt history, taking out a debt consolidation loan may prove to be of assistance in helping to get finances back on track and begin making regular repayments to improve credit ratings.

The Bank of England figures follow March statistics published earlier last month by the Council of Mortgage Lenders. According to the group, which represents 98 per cent of UK mortgage lenders,

there were 46,500 home loan approvals over the course, down from 47,200 in February.

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