Council of Mortgage Lenders Reveal Rise In Repossessions

As escalated living costs and constricted credit continue to weigh on people’s finance, the Council of Mortgage Lenders (CML) has announced an increase in the number of home repossessions throughout the UK.

August 9, 2008 (FPRC) -- In the first six months of the year, there were 18,900 cases of home repossession, compared with 13,400 in the six months to July 2007, the group reported. As such, the repossession rate stood at 0.16 per cent of all mortgage agreements throughout the UK. The organisation restated their commitment to earlier projections that there will be a total of 45,000 repossessions by the end of the year, in addition to 170,000 mortgages in arrears. While it noted the increase, the body also commented that the figures showed that when compared to the whole market, amounting to 11.74 million mortgage arrangements, the number of people experiencing repossession and arrears was very slim.

The group also announced that while it does not provide region-specific analysis or data categorised by loan type or property style, it is possible to extrapolate from the results the pronouncement that the adverse credit sector has been hardest hit by the ongoing effects of the credit crunch, while the rest of the mainstream market continued to perform strongly.

It noted that the banking industry is continuing to feel the effects of exposure to defaults affecting those with adverse credit loan arrangements, with the number of banks offering new bad credit loan arrangements increasing dramatically as they become more risk averse in constricted market conditions. As such, the group noted that for those struggling with mortgage repayments, the availability of options such as remortgaging products may be more constrained than it was in the first half of 2007 when lending environments were more favourable.

The CML insisted that it was working closely with industry representatives and the government to ensure that the impact of tightened loan markets on consumers was limited as much as possible.

Director general of the organisation Michael Coogan observed: 'The number of people facing difficulty needs to be kept in perspective. The good news is that most people are coping well and continuing to pay their mortgages in full, despite the higher costs of food and fuel and the higher mortgage rates now prevailing in the market for those coming off cheaper original deals. But it is inevitable that more borrowers’ coping strategies will come under pressure in current conditions than in the unusually benign years of the last decade. That’s why lenders, government and the advice sector are working closely together.'

For those who have found themselves experiencing financial difficulty in recent months as living costs have risen, taking out a debt consolidation loan may prove an effective way to stop monthly expenditure from spiralling out of control. In choosing this type of loan, people may find they are able to spread out repayment contributions on bills, loans and other commitments, leaving them with more cash to make sure that mortgage responsibilities are met.

Opting for this type of loan may be of interest to a growing number of consumers as the summer season continues after a report from Sainsbury’s published last month revealed that holidays can put budgets under considerable strain.

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