July 2019

MoneySavingExpert.com

Response to FCA Consultation

Mortgage Consumers: proposed changes to responsible lending rules and guidance (CP19/14)

Summary

Mortgage prisoners suffer severe detriment which can go on to impact all aspects of their lives. For many, being stuck on expensive rates and being forced to pay above the odds goes on to affect their financial and mental wellbeing. Many mortgage prisoners explain the worry they feel about their situation as all-consuming, and we have often heard life as a mortgage prisoner be described as "hell".

In light of this ongoing and significant consumer harm, MoneySavingExpert.com (MSE) is pleased to see the Financial Conduct Authority (FCA) consulting on measures to try and protect this long-forgotten group of consumers. After five years of campaigning for this group, it is a relief that policy solutions have finally begun to be considered.

Mortgage prisoners are in a dire situation; a comprehensive solution is urgently needed

MSE wanted to amplify the voices of mortgage prisoners within this consultation response. We created a survey to collect the experiences of these consumers, and our results impress the urgent need for action.

Nearly 1,000 qualitative responses were left by respondents, and many of the descriptions of mortgage prisoner life are harrowing. The following quotes are representative of the hardship many mortgage prisoners have told us they are experiencing:

> *"Being a mortgage prisoner has been hell to me, you worry about losing your home, you can't plan on starting a family and moving forward with your life. The whole experience affects your mental wellbeing and this has now got to stop."*
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> *"It makes me depressed – I feel I have let my family down immensely – self-loathing and days of complete darkness… I have been on and off medication for 10 years. Being a mortgage prisoner has taken away so much of my inner being... I am not the person I was – I am beat."*
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> *"Had a nervous breakdown because I couldn't cope and my mum had to look after the children."*
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> *"It is a rock around my neck. I am being strangled by my own government. The FCA and FOS are nothing but a front. The FCA Principle 6 has clearly been breached. It cannot be fair or reasonable to transfer a mortgage to an inactive lender, hike up the SVR and make it impossible for them to find another deal as they would have done under their original mortgage."*

We are also submitting a document containing the full list of qualitative responses we received along with our consultation response, and we encourage the FCA to read each and every one.

The FCA's proposals are welcome, but only a small part of the needed solution

While it is reassuring that some mortgage prisoners will be freed by the FCA's solution, the most important thing to note is that what this consultation proposes *is not a solution in the main.*

This solution will favour a narrow band of mortgage prisoners – those who are the least 'risky' to the lender. These are consumers who are meeting payments and not borrowing more, have equity in their properties and, often, who have repayment mortgages.

The FCA's proposed solution is an important step, and it is great that consumers who meet these criteria will be helped. Yet many – indeed, possibly the vast majority of mortgage prisoners – will be left without any hope.

The communication strategy can, and must, be improved

The proposed solution must be optimised where it can be, to ensure that as many of the mortgage prisoners who it can help are aware of it and thus are able to access it.

The proposed communication strategy outlined in the consultation document is insufficient and will not be effective. It can, and must, be significantly improved.

Particular areas of concern are that:

- there is no mechanism to ensure that the communications will be written in a way that motivates consumers to act;
- messaging and explanation being sent by the lender alone risks the information being ignored or being mistaken for a scam; and
- lenders will have power over which customers they write to about the FCA's solution.

MoneySavingExpert.com has extensive experience in writing to consumers about difficult financial topics in a nuanced, succinct and engaging way, and would be happy to contribute to an improved communications strategy.

Who won't be helped

The remaining mortgage prisoners are less commercially attractive, but it is the very characteristics which makes them so which also puts them at greatest risk of defaulting, and in the extreme, of repossession. We understand why provision is not made for these consumers in the consultation's proposal; the FCA cannot force a lender to take on customers.

Yet the FCA's own estimates show that as little as 2,000 mortgage prisoners may be freed by the remedy it proposes in this consultation – a mere fraction of the 150,000 mortgage prisoners it estimates there are in the UK. Therefore, this solution cannot be the final policy response to the mortgage prisoner problem.

Information about mortgage prisoners is simply not seen by the regulator, which hinders its creation of an effective solution

Finding a comprehensive solution to the mortgage prisoner problem is held back by the fact that so little is known about mortgage prisoners themselves.

We acknowledge that the FCA has played a significant role by providing the first estimate of the number of mortgage prisoners, in its 2018 Mortgages Market Study interim report, following research that MSE suggested to it and helped to facilitate.[1]

But more needs to be known. Due to current mortgage reporting rules, the FCA has only been able to make a best guess at how many mortgage prisoners there are and their financial characteristics[2]. It is not able to describe who exactly may be trapped in an expensive SVR and the impact this has had on their lives.

Our ground-breaking survey of mortgage prisoners sheds light on their characteristics

To better understand the reality of how many mortgage prisoners may or may not be helped by the FCA's proposal, MSE carried out the first large scale survey of mortgage prisoners, to actually illuminate their experiences and financial circumstances.

The results of our survey supported the hypotheses of the FCA around mortgage prisoners:

- Most mortgage prisoners are with an inactive lender (58% of 270 respondents, of which 39% said they had a mortgage with Landmark, Northern Rock/NRAM or Whistletree).
- Most had taken their mortgage out before 2008 (77% of 206 respondents).
- Many seemed to be financially vulnerable in some way (for example, 66% of 214 respondents said that they had experienced significant circumstance changes, other than change in income, since taking out their mortgage).

A summary of the quantitative results from the survey can be found from p. 11 of this document.

HM Treasury has a responsibility to act to help those left behind

The real solution for the 10,000s left behind by this proposal cannot be to simply switch lender, because lenders would still be unlikely to take them on, no matter how many FCA rules they can disapply.

We commend the FCA for its efforts in trying to solve the mortgage prisoner problem. However, a full solution for these consumers must lie with Government, as it would likely require stronger intervention than what the FCA is capable of.

For example, one such intervention to explore is applying regulated rates on the loans of these vulnerable consumers.

The Government has a duty to urgently act, and take on the cost of fixing this situation – it was responsible for selling consumers' loans to unregulated entities in the first place, thus trapping the vast majority of mortgage prisoners.

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[1] For more information, see Financial Conduct Authority, *Mortgages Market Study (interim report)*, May 2018, https://www.fca.org.uk/publication/market-studies/ms16-2-2-interim-report.pdf, p.55.

[2] We hope that the FCA's consultation *CP18:41: changes to mortgage reporting requirements* (2018) will help address this issue. However, this is yet to be seen as the new mortgage reporting rules are not yet published and will not be enforced until a year after their publication. See the full consultation document here, https://www.fca.org.uk/publication/consultation/cp18-41.pdf.

The problem must not be exacerbated by the actions of HM Treasury

Immediately, the Government must commit to never sell another mortgage to an inactive or unregulated firm. Continuing to sell these loans to such investment firms wilfully ignores the dreadful plight of the people affected.

Consultation questions

We have grouped the consultation questions and our responses around the main themes in the consultation document. These are:

- The specifics of the FCA's modified affordability assessment;
- The communication strategy to raise awareness about the modified affordability assessment; and
- Data requirements around use of the modified affordability assessment.

Some questions have been grouped and responded to collectively where it was appropriate.

The specifics of the FCA's modified affordability assessment

To ensure that this solution is as effective as it can be, the FCA must ensure that lenders prioritise implementing the modified affordability assessment.

Most mortgage prisoners have been paying over the odds for several years now, and many feel that they are being pushed to the financial brink. While not all mortgage prisoners will be helped by the new assessment, it is essential that those who might be should be able to access it as soon as possible.

Allowing firms to change their processes is not the same as firms actually enacting the change, or indeed there even being the necessary infrastructure in place. Implementing the system and process changes needed will probably create some friction, and therefore firms will be unlikely to prioritise them without a push. Structured direction and clear timelines must be put in place by the FCA to ensure that major lenders will align the way they operate with the consultation's proposals in a timely manner.

Q1: Do you agree that our proposals should only apply to firms dealing with consumers that meet the conditions of 'eligible consumers'?

On the whole the characteristics of customers who are eligible for the modified assessment are reasonable, i.e. that they:

- have a current mortgage;
- are up-to-date with their mortgage repayments;
- do not want to borrow more; and
- are looking to switch to a new mortgage deal on their current property.

These criteria are sensible when looking at the FCA's proposal – i.e. a mechanism with which mortgage lenders can take on new mortgage customers who cannot meet the current affordability criteria, but otherwise meet lenders' risk appetite.

However, these criteria will immediately exclude a great number, probably the majority, of mortgage prisoners. The FCA's own calculations show that as little as 2,000 may be freed by its proposed remedy, a drop in the ocean of the 150,000 mortgage prisoners it estimates there are in the UK. It is imperative that the Government steps in to find a solution for those consumers who are left behind.

Q2: Do you agree that 'up-to-date with payments' should be decided by not being in payment shortfall, both at the time of application and over the previous 12 months?

This definition seems sensible, as 12 months arrears-free gives a good indication of the financial stability of a consumer.

However, we are concerned that having arrears charges on their accounts, despite having not missed a payment for 12 months or longer, could act as a substantial barrier to mortgage prisoners accessing the modified affordability assessment.

Q3: Do you agree with our approach to defining a 'more affordable' mortgage, both where product or arrangement fees have been added to the mortgage and where they have not?

Q4: What are your views on a definition of 'more affordable' that refers to both the interest rate during any incentivised deal period and the new lender's existing reversion rate at the time?

On a like-for-like basis, it is reasonable and proportionate that affordability is based on simply whether the new deal is *cheaper*. MSE and Martin Lewis have advocated for this school of thought for many years.

Checks to ensure that a customer isn't borrowing more than they can afford are undeniably vital – but the fact that under the current affordability assessment people trying to remortgage onto a cheaper rate are being told "you can't afford a cheaper deal" is simply ridiculous.

There are some instances where it would be desirable for lenders to also consider other factors when considering whether a consumer could carry out the proposed modified affordability assessment. A particular situation which the FCA should review is when a customer wants to switch from an interest-only mortgage to a repayment mortgage. Such a change would most often result in higher repayments, yet for most consumers this move would be advisable – especially if the consumer did not have a repayment plan in place.

As the FCA is considering allowing other circumstance changes in its proposal – namely allowing a consumer to access the modified affordability assessment if moving property or if extending the term of the mortgage – we encourage it to also allow lenders to apply the modified assessment in the circumstances of consumers trying to switch from interest-only to repayment.

However, most importantly, after passing the modified affordability assessment, and no matter the criteria they must meet*, a consumer should be able to access all a lenders' deals*. Having been accepted by a lender, these people should not be unfairly disenfranchised; they should not be unfairly limited to a 'special mortgage prisoner product' which leaves them worse off compared to other customers. Or, if a lender insists on keeping them on 'special products', the rates it offers should be benchmarked as equivalent to what other new customers are able to access.

Q6: Do you agree with our proposal to only allow lenders to use the modified affordability assessment if they have a policy allowing consumers to switch to a more affordable mortgage?

Q7: Do you agree that we should allow lenders that choose to use the modified affordability assessment to disapply our income and expenditure rules (MCOB 11.6.5R to 11.6.15G)?

Q9: Do you agree that we should allow lenders that choose to use the modified affordability assessment to disapply our interest rate stress test rules (MCOB 11.6.18R to 11.6.19G)?

Q10: Do you agree that we should introduce guidance that, if considering future interest rate rises, lenders may wish to take into account the fact that the consumer is currently meeting payments at a higher rate than on the more affordable mortgage?

Yes, all the above measures seem sensible in helping firms to be able to carry out the modified affordability assessment.

Q8: Do you agree that we should require lenders to consider whether the consumer's income after retirement would be enough to enable them to meet their commitments under the contract?

Yes, this seems sensible, given that retirement often results in a change of income.

Q11: Do you agree that we should allow lenders that choose to use the modified assessment to disapply MCOB 11.6.40G to 11.6.48R and MCOB 11.6.50R to 11.6.52G as long as the consumer is not trying to increase the proportion of the loan on an interest-only basis?

Ideally, an interest-only mortgage customer should have a repayment plan in place. However, often this is not the case, as our survey findings showed – 80% of those with an interest-only mortgage said they did not have repayment plan (of 83 respondents).

Whether they have a repayment plan or not, mortgage prisoners would benefit from being able to switch to a cheaper mortgage deal, and indeed doing so could free up essential capital for those who are without.

Q12: Do you have views on whether the modified assessment should be available for home movers looking to switch to a new lender?

We have heard from several mortgage prisoners who are interest-only and looking to downsize, as they want to switch to a repayment mortgage but know that they would not be able to afford to do so living in their current property.

We think, in light of this, despite moving property being an undisputable change in circumstance, it might be beneficial that consumers are nonetheless able to access the modified affordability assessment.

Q15: Do you agree we should require lenders to give this disclosure?

Yes, it makes sense that customers are told that they have been assessed differently for a mortgage, with some usual checks having been disapplied.

The communication strategy to raise awareness about the modified affordability assessment

Q13: Do you agree that we should require inactive lenders and administrators acting for unregulated entities to contact their customers and make them aware that our rules mean they may be able to switch to a new mortgage product with a new lender?

Q14: Do you agree that administrators and inactive lenders should only contact customers that have a residential mortgage, that is not a lifetime mortgage, and who are up-to-date with payments and on a reversion rate?

The proposed communication strategy outlined in the consultation document is insufficient, will not be effective, and must be significantly improved. In short, our concerns are that:

- there is no mechanism to ensure that the communications will be written in a way that motivates consumers to act;
- messaging and explanation being sent by the lender alone risks the information being ignored or being mistaken for a scam; and
- lenders will have power over which customers they write to about the FCA's solution.

We know that when companies are forced to write to their customers about issues which are not in their commercial interest, there must be clear, indisputable guidance about how this should be done. When the form and content of these communications are not mandated, letters that are sent are dumped in the bin because they are simply not understood or are mistaken for spam.

A recent example of the above was the poor communication strategy around the CPP mis-selling scandal in 2014. CPP was mandated to write to victims to make them aware of a redress scheme which was put in place, yet many recipients wrongly believed the letter to be a scam. MSE believes the letter CPP sent discouraged people, whether deliberately or accidently, by looking like a PPI scam letter.

Mortgage prisoners simply cannot afford to suffer a similar confusion, and so the contents of any communications should be carefully curated with FCA oversight.

The FCA must mandate the content

To create a meaningful communication which consumers act will on, the FCA must mandate the content. There should be a standardised piece of information to be sent to *all people who have had their mortgage sold to inactive lenders or unregulated entities*.

It is possible to clearly explain the situation and motivate those who might benefit from the modified affordability assessment to try it, yet simultaneously set realistic expectations around the limits of this remedy – i.e. that it is not a solution for many borrowers (people in arrears, with negative equity etc.)

The FCA proposes sending the communication only once. However, careful writing of this letter, ensuring that it does not create false hope in consumers who will not be able to access the modified assessment, would mean that it could be sent out more than once. Sending the letter multiple times would mean that those who might be able to take advantage of the modified affordability assessment would be more likely to notice and act on the communication.

Martin Lewis and MSE have been writing guides with clear instructions, and which set realistic expectations, for many years. We would be happy to provide any support possible with the writing of this communication.

The communication from the lender should be explained, so that it is not ignored or mistaken as spam

A separate explanation about the communication from the lender should be attached from a source that isn't the lender. This is especially important in the case of mortgage prisoners, many of whom are incredibly distrusting of their lenders and so may be even more predisposed to ignoring or mistrusting communications from them. Similarly, mortgage prisoners may think letters telling them they could now switch were scam letters, especially after years of experiencing 'computer says no' from their own and other lenders.

One way to mitigate this could be by attaching a leaflet from the FCA to the communication of the lender, which explains to the customer why the lender has had to get in touch with the borrower, and the possible options now open to them. This might encourage the customer to act on the information sent.

MSE would also aid the sharing and promotion of such communications documents which will help mortgage prisoners to make informed decisions.

The documents must reach all affected consumers

The FCA's communication strategy proposes that 500,000 consumers are written to by lenders in a one-off communication, in which they are told about the existence of the new affordability assessments.

Firstly, we are concerned that this seems to be a somewhat unexpected figure – much higher than the 120,000 people the FCA estimates have a mortgage held by an unregulated firm. A clearer explanation for this figure would be welcomed.

Furthermore, we do not believe lenders should have the power to pick and choose who is told about the modified affordability assessment. We are therefore concerned at the lack of direction in the consultation document about how unregulated firms should choose which customers to write to.

The most failsafe way to ensure all consumers who might benefit from the FCA's proposal are reached, is for communications to be sent to *all* consumers who have had their mortgage sold to an inactive lender or unregulated entity.

The current communications proposals must be boosted

Without the above criteria being met, any communications activity will likely be little more than a pointless tick-box exercise. Unless there is serious revision, the communication strategy could well result in the FCA's most pessimistic forecast; that only 2,000 consumers will benefit from the modified affordability assessment – a hugely insufficient number.

Data requirements around use of the modified affordability assessment

Q16: Do you agree we should require lenders to report data on use of the modified affordability assessment?

We support this measure. We would like to see remortgaging being made easier for all people trying to access cheaper deals, having had no change in circumstance. Reporting all uses of the modified affordability assessment would enable this to be measured.

However, the data would be more nuanced and vastly more useful if lenders were also required to report failed modified affordability assessments, and their reasoning for rejecting the potential customer. This would help the FCA to identify remaining barriers to switching in the mortgage market.

Q17: Do you agree that we should amend SUP to state that, where lenders have sold a mortgage using the modified assessment, they are not required to report the affordability data required in PSD

It is common sense that lenders are not required to report affordability data when using the modified assessment, as by definition of having used the modified assessment they will not have to require this information from the customer.

MSE's mortgage prisoner survey

Survey overview and methodology

In total, 834 people accessed the survey from it being shared via the MSE Money Tips Email, MSE's social media accounts, and the Mortgage Prisoners UK Facebook group.

While MSE has large reach, with 14 million people receiving our email, the fact that most respondents found the survey via this route may mean that they present a slightly skewed demographic.

Only around 300 respondents passed the initial filtering questions in the survey, which selected people who had a residential mortgage, had reason to believe they were stuck on a standard variable rate, and were not trying to change the terms of their mortgage (e.g. change from interest only to repayment or extend the mortgage length).

We filtered respondents in this way because we wanted the data we collected and analysed to be from those who self-selected as mortgage prisoners. We used the FCA's definition of a mortgage prisoner to align our study as best as we could with the FCA's consultation and proposed remedy.

However, it is incredibly telling that 213 of 560 respondents answered that they were trying to change the terms of their mortgage – from qualitative data we have collected we believe this could represent that many mortgage prisoners are interest-only and are trying to switch to repayment, or are trying to extend their loan term. While we wanted to align our study with the FCA's, and so filtered these individuals out, with hindsight, it might have been useful to collect data from mortgage prisoners who wanted to change the terms of their mortgage. MSE would be happy to repeat a version of the survey to collect information from these consumers, if the FCA thinks this would be useful.

The engagement of respondents was relatively high throughout the survey. There was a low drop-out rate despite the full survey taking around 10 – 15 minutes, and the survey asking personal financial and mental wellbeing questions. Even the final qualitative questions had high response rates, despite being situated at the very end of the survey.

Survey logic was used, so that not all respondents answered all questions. For example, if a respondent said they had not tried to remortgage, then they would skip all the questions asking about remortgaging experiences. This accounts for why some questions have much fewer respondents than others in the data.

Key survey results

The survey analysis below should be read in full, however these key figures give a good indication of who the 'average' mortgage prisoner may be.

- **58% had a mortgage with an inactive lender** (of 270 respondents).
- **30% had a mortgage with an active lender** (of 270 respondents).
- **39% said that their mortgage was with Landmark, Northern Rock/NRAM or Whistletree** (of 270 respondents).
- **77% had taken their mortgage out before 2008** (of 206 respondents).

- **80% said their last remortgage attempt was in 2018 or 2019** (of 177 respondents).
- **39% said that their income had gone up** by an average of £16,050, while **40% said their income had gone down** by an average of £22,173 (of 206 respondents).
- **66% said that they had experienced significant circumstance changes, other than change in income, since taking out their mortgage** (of 214 respondents).

The picture painted supports the FCA's hypotheses about the characteristics of mortgage prisoners, i.e. that they are consumers who have mortgages held by inactive lenders, took their mortgage out before 2008, and show signs of financial vulnerability.

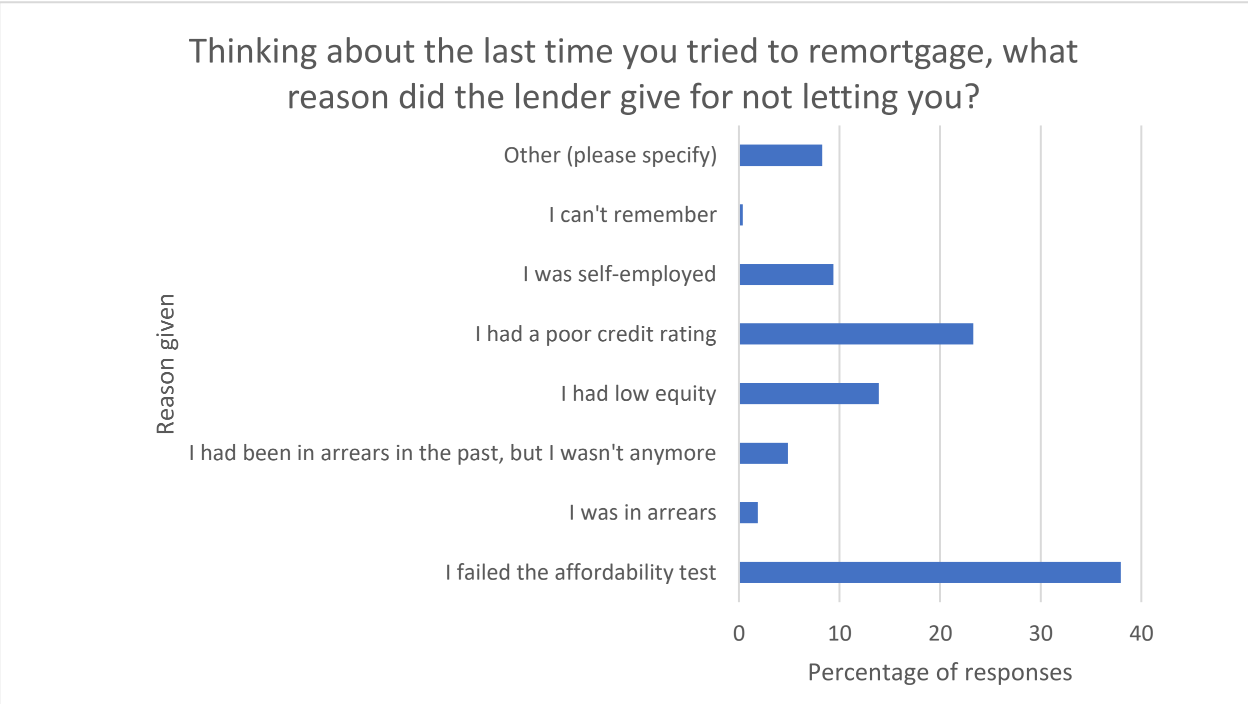
Full survey analysis

Mortgage prisoners have tried and failed to remortgage, and it is often due to the affordability test

67% of the 339 respondents who passed our initial filtering questions said that they had attempted to remortgage in the past.

The majority of respondents had only attempted remortgaging once or twice (70% of 183 respondents). The fact that most people have only remortgaged once or twice might be caused by people being afraid of harming their credit score with too many remortgage attempts.

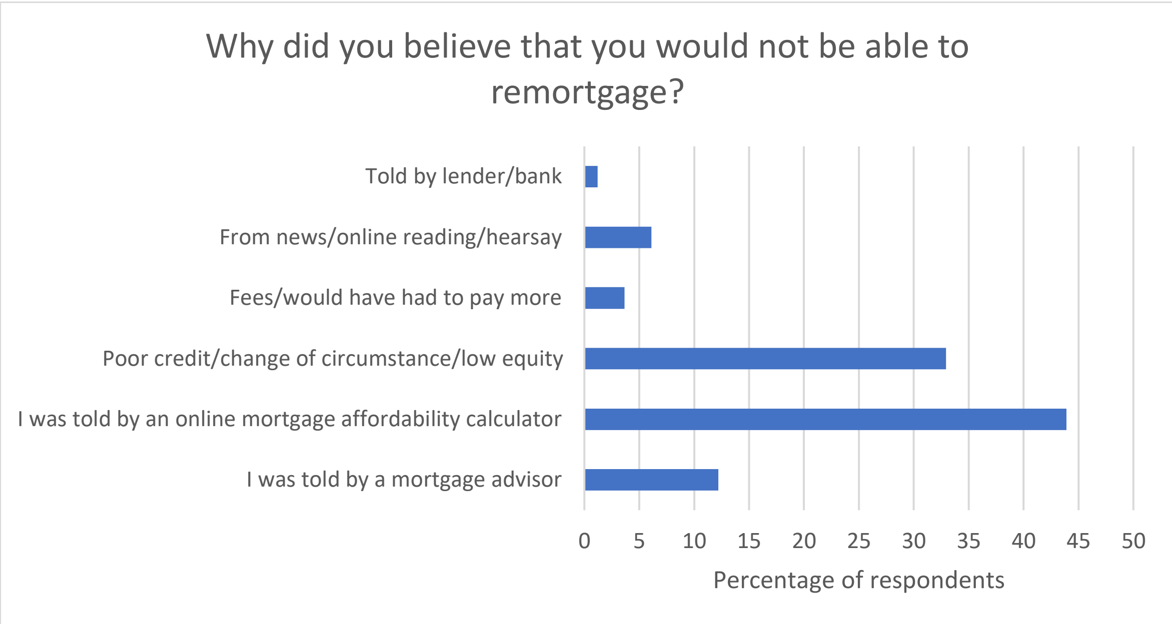
The vast majority of respondents' last remortgage attempt was in 2018 or 2019 (80% of 177 respondents). One potential cause of this distribution might be that the media attention given to mortgage prisoners in recent years may have inspired those who had assumed they could not switch to give it a try.



The most common reason respondents were given for why they were not able to remortgage was that they had failed the affordability test (38% of all 266 responses), but having a poor credit rating, being in low equity and being self-employed were all also commonly given reasons (23%, 14% and 9% respectively).

Mortgage prisoners who have not tried to remortgage have been put off by online calculators or due to their general financial health

Of the 113 respondents who said that they had never tried to remortgage, 81% said they did this because they assumed they would not be able to. The most common reasons given for this was having been told by an online eligibility calculator (44%) or having just assumed so due to financial circumstances such as poor credit, an adverse change in circumstances or having low equity (33%).



The majority of mortgage prisoners are with inactive lenders, but a significant minority are with active firms

58% of 270 respondents to our survey had a mortgage with an inactive lender. However, interestingly, 30% were with an active lender. Although lenders do not have to conduct affordability assessments on internal switches with no additional borrowing, this data brings into question whether they are in fact being applied in practice. **We urge the FCA to investigate this.**

39% of 270 respondents said that their mortgage was with Landmark, Northern Rock/NRAM or Whistletree. This indicates the impact the 2015 sale of Northern Rock mortgages had in contributing to the mortgage prisoner problem. However, there was also a considerable number of respondents who said that they were with high street lenders: for example, 9% said they were with Halifax, and 7% said they were with Santander.

Other characteristics of mortgage prisoners:

- **63% said they had a repayment mortgage** (of 270 respondents), while 31% said that they had an interest-only mortgage.
- **80% said they had an interest-only mortgage but did not have a repayment plan in place** (of 83 respondents who had an interest-only mortgage).
- **33% had a self-certified mortgage** (of 264 respondents).
- **77% had taken their mortgage out before 2008** (of 206 respondents), with 89% saying they had taken their mortgage out before 2015. This is significant and corroborates with the FCA's estimations of mortgage prisoner characteristics.
- **39% said that their income had gone up** by an average of £16,050, while **40% said their income had gone down** by an average of £22,173 (of 206 respondents).
- **66% said that they had other significant changes since taking out their mortgage** (of 214 respondents). In the free text responses, common themes in these were illness, having children, relationship breakdown, unemployment and retirement.
- **The average interest rate of the survey respondents was 4.68%** (of 178 respondents).
- **The average monthly mortgage repayment was £700** (of 200 respondents).
- **Only 8% said that they were currently in arrears** (of 207 respondents). This proportion is somewhat lower than we had expected. One reason this may be is because of the initial filtering questions, which might have filtered out the most financially vulnerable mortgage prisoners. The sample size of respondents in arrears is too small for the data collected about their debts to be included here.

Mortgage prisoners' stories: a vital and devastating insight

The final section of the survey asked respondents to describe in their own words the impact being a mortgage prisoner has had on their lives, and specifically their financial, mental and physical wellbeing.

In total we received almost 1,000 qualitative responses (this number is much higher than the total number of respondents because there were several qualitative questions in the survey).

Aside from the scale of response, we were awed by how moving and powerful the respondents' accounts of mortgage prisoner life were.

We are attaching the full list of survey responses to our consultation submission. We encourage the FCA, and policy-makers in HM Treasury, to carefully read them all. Mortgage prisoners have been unheard for too long, and reading their words conveys the true urgency needed to find practical solutions for all.

Below we will highlight key themes identified in the mortgage prisoner qualitative responses, illustrated by selected responses.

Key theme: Persistent and dogged worry about their financial situation

One theme which clearly came across was that people who are mortgage prisoners feel terrified about their situation.

This is because a disproportionately large proportion of their income goes towards their mortgage, they are likely only able to budget day-to-day with other expenditures, and sometimes have to make considerable cut backs to ensure they can simply keep a roof over their head.

In light of this, many mortgage prisoners say they live in terror of interest rate rises, as only a slight increase could knock the weak grasp they have over their finances.

> *"We have had to pay over the odds for our mortgage because apparently we can't afford to pay less... We have not been able to afford holidays, school trips. We have had to rely on charity for food, clothing and our car."*

> *"I don't socialise anymore as I never have money, I don't date. I have a strict budget every week, which is mentally tiring doing planning and resisting temptation. I dread days off work because I can't do anything or go anywhere. I sit at home because it's the cheapest thing to do."*

> *"We have to make decisions daily as to whether we can afford to put the heating on or whether we have to buy some food. If we could get a 'proper' mortgage we would be £100 per week better off. Instead we are paying twice for the bail out of the greedy bankers …"*

> *"Every penny I get goes to pay the mortgage, so our life is on hold, and has been for the last five years."*

Key theme: a consequential impact on mental and physical wellbeing

Mortgage prisoners told us that the persistent financial concerns created by being a mortgage prisoner contribute to mental and physical ailments which they suffer with.

Many respondents said that being a mortgage prisoner contributed to them having depression and anxiety.

> *"My mental wellbeing has been affected due to the day to day strain on finances and the worry of our mortgage repayment increasing which we have no control over. As a result, I now suffer from depression and anxiety."*

> *"My mental health is declining due to the stress of trying to pay the mortgage. [My lender] is unsympathetic and does not care about your circumstances. I have been threatened with repossession even though I have only missed 3 payments since 2006. The whole thing causes me extreme stress on a daily basis."*

> *"Being a mortgage prisoner has had a significant impact on my mental health and there were times I felt suicidal and wanted to end it."*

> *"Worrying about money makes you do stupid things. Like take out more debt you can't afford, lie to your family and friends about your finances. Self-denial. Then you stop opening post, stop seeing people, shut yourself off. It becomes very isolating and you can't see a way out."*

> *"I wake up thinking about it and go to bed thinking about [that] I may not have a home and seeing homeless people on TV and on the streets really does make it worse."*

Many respondents also said that being a mortgage prisoner left them feeling worthless.

> *"It is hell having someone take away your choice and tell you for 10 years you are pathetic and irresponsible and to be ashamed that you even thought you could do the right thing for your family."*

> *"I feel I can't discuss this subject and that my future is doomed. I'm single and don't feel I'm worthy of a secure long-term relationship as no one will want to be tied to my financial problems."*

> *"This hasn't just cost me money, it has cost me my self-respect."*

> *"It makes me depressed – I feel I have let my family down immensely – self-loathing and days of complete darkness… I have been on and off medication for 10 years. Being a mortgage prisoner has taken away so much of my inner being... I am not the person I was – I am beat."*

Some respondents also said that their physical health had deteriorated as a consequence of being a mortgage prisoner.

> *"The effects of the financial worry and stress being stuck caused has made my conditions deteriorate far quicker than expected... to the point I am now having to use a wheelchair to get out and about."*

> *"I have a long-term chronic medical condition that is exacerbated by stress and worry. I feel my life has been taken from me, and that effects my health like in a vicious circle."*

Unfortunately, the weight of being a mortgage prisoner led to some respondents experiencing relationship breakdowns with partners, family and friends.

> *"I and my family have found our position very stressful. It has now culminated in divorce proceedings."*

> *"Had a nervous breakdown because I couldn't cope and my mum had to look after the children."*

> *"Marriage breakdown, anxiety and stress episodes, time off work. Friends have said I'm a different person for the worse."*

Key theme: resentment of financial and political institutions

Many respondents said that they blamed the Government and the banks for the predicament they were in, and highlighted how they felt abandoned by society.

> *"I feel aggrieved that I have had to pay so much more in interest and am likely to never see any form of compensation, yet the banks have made money out of me. The government stepped in and helped them, but no-one stepped in to help us."*

> *"Frustrating. The rules are overly restrictive and penalise the most needy. I liken the situation to credit cards, utility companies and pay day loans. Those in most need are charged most or in this case forced to stay on high standard variable rates."*

"It is a rock around my neck. I am being strangled by my own government. The FCA and FOS are nothing but a front. The FCA Principle 6 has clearly been breached. It cannot be fair or reasonable to transfer a mortgage to an inactive lender, hike up the SVR and make it impossible for them to find another deal as they would have done under their original mortgage."

About MoneySavingExpert.com

MoneySavingExpert.com is the UK's biggest consumer website dedicated to saving people money on anything and everything by finding the best deals, beating the system and campaigning for financial justice. It's based on detailed journalistic research and cutting edge tools, and has one of the UK's top 10 social networking communities.

In 2018, MoneySavingExpert.com had on average 16.8 million users, visiting the site 30.1 million times, and looking at over 74.5 million pages each month. To date, over 14 million people have opted to receive our free weekly email, more than 1.9 million users have registered on the forum and over 4.1 million have joined our Cheap Energy Club.

In the event of any queries, please contact the campaigns team:

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