Mortgage debt and homeowner resilience

Research report prepared for:

Housing Rights

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1. Key insights: summary of findings

Housing Rights commissioned Perceptive Insight to undertake a study of homeowners in Northern Ireland who have a mortgage on their home, to assess the likely impact of recent interest rate rises. The research included 1,006 telephone interviews with mortgage holders and four case studies. The following paragraphs outline the objectives of the research and summarise the key findings and conclusions.

Housing Rights is a registered charity which helps people in Northern Ireland with housing problems. They are a leading provider for independent advice, training and information. They also have a policy and research team that helps to influence and deliver positive change.

Since December 2021 to August 2023, there have been 14 consecutive interest rates rises from 0.1% to 5.25%. Alongside increases in the cost of living, this has placed an additional financial burden on homeowners who have variable rate mortgages or whose fixed rate mortgage has come to an end. According to the Census 2021, 30% of households in Northern Ireland are owned with a mortgage. However, there is limited data available on the profile of the homeowner mortgage market, and therefore the numbers affected by interest rate rises.

Research objectives

The aim of the study was to assess the levels of debt among homeowners, and the likely impact of interest rate rises and cost of living pressures, to gain an understanding of the vulnerability of those with mortgages. The research specifically sought to understand the profile of the market in Northern Ireland with regard to:

- Number of mortgage holders on variable/tracker mortgages exposed to interest rate rises;
- Number of mortgage holders on fixed term mortgages about to expire;
- Number of mortgage holders with interest only mortgages;
- Number of mortgage holders on suspended possession orders; and
- Levels of negative equity.

Methodology

A mixed approach methodology, including telephone and face-to-face interviewing, was used to conduct the survey. In total, 1,006 interviews were completed with homeowners in Northern Ireland who have a mortgage. Interviewing took place during May and June 2023 with each interview taking, on average, 10 to 15 minutes to complete. Interviewing was carried out in compliance with UK GDPR and the Market Research Society Code of Conduct. In addition, four case study depth interviews were conducted, to qualitatively explore in more depth, the experiences of mortgage holders who were struggling with their financial situation.

It should be noted that the survey was conducted prior to the most recent interest rate rises from 4.5% to 5% in June 2023 and from 5% to 5.25% in August 2023.

Key findings

Headline statistics

- 68% of respondents said they held a fixed rate mortgage, 24% had a variable rate or tracker mortgage, with the remaining 9% stating that they either had a different type of mortgage or were unsure of what they had.
- Of those with fixed rate mortgages, 13% confirmed that it was due to expire in 2023 and a further 20% said their deal would expire in 2024.
- One fifth (19%) stated that they had an 'interest only' mortgage.
- Just seven respondents (1%) said they had a suspended possession order on their home.
- In relation to negative equity, 7% were of the view that they would not be able to pay their mortgage in full if they were to sell their home in the current market. A further 13% believed that they would break even in this scenario.
- 15% said they had struggled to pay their mortgage in the last 12 months and 19% stated that their mortgage was either 'not at all' or 'not very' affordable.
- 18% confirmed that they were finding it difficult on their current household income, 15% that they always or frequently ran out of money before pay day, 19% that they frequently or often borrowed to cover general living expenses.

Type of mortgages

Fixed rate mortgages

Over two thirds (68%) of respondents stated that they were currently on a fixed rate mortgage. This type of mortgage was more prevalent among those aged under 35 (86%), those in the ABC1[1] group (73%), in homes with pre-school age children (81%) and in homes where there is no one with a disability (70%).

Variable or tracker mortgages

Just less than one quarter (24%) had variable or tracker mortgages. These are more common among older homeowners (22% of those aged 35 to 44 and 28% of those aged 45 plus, compared to 6% of those aged under 35), those in the C2DE group (32%) and in homes where there is someone with a disability (36%).

Interest only mortgages

One fifth (19%) said they have an 'interest only' mortgage. These mortgage holders were more likely to be in C2DE households (25%). Those aged 18 to 34 (22%) and 45 plus (20%) were slightly more likely to have this type of mortgage than those aged 35 to 44 (15%) but the difference is not statistically significant.

Monthly cost of mortgage

The following table outlines the amount that homeowners are paying per month for their mortgage. While just less than half (47%) reported that their mortgage repayment remained the same as 12 months ago, 44% indicated that their repayments had increased, with the remainder unsure or not having a mortgage in the previous year (8%). Those on a variable rate (81%) were more likely to be paying extra compared to those on a fixed rate mortgage (28%).

[1] A description of social grades is provided at Appendix A

Table 1.1 Payment per month on mortgage

Monthly repayment amount	Percentage
£400 or less	22%
£401 to £600	32%
£601 to £800	19%
£801 to £1,000	9%
More than £1,000	9%
Not sure	9%
Total	100%

Potential for negative equity

7% of respondents indicated that they would be unlikely to cover the cost of their mortgage if they were to sell their home in the current market, with a further 13% believing that they would just about break even in these circumstances. Those most likely to consider themselves to be in negative equity were aged under 35 (12%), aged 35 to 44 (11%), C2DE households (11%), those on variable rate (11%) or interest only mortgages (15%), and those who have apartments (13%). Of those who indicated they would be in negative equity, 46% were unable to give an estimate of how much this might be.

Current financial situation of mortgaged homeowners

Respondents were asked a number of questions to assess their current financial situation.

Feelings about current household income

One third (34%) said that they were living comfortably on their present income, 46% stated that they were coping and 18% indicated that they were finding it difficult. Those most likely to say they were finding it difficult were those who have a household member with a disability (32%), the C2DE group (27%), those on a variable rate (26%) or interest only mortgage (27%) and older respondents (17% of 35 to 44 year olds and 20% of those aged 45 plus compared to 10% of those aged under 35).

Incidence of running out of money before payday

Just less than two thirds (63%) indicated that they never or very rarely ran out of money before payday. A further 20% confirmed that this happened occasionally or rarely. However, 15% said that they frequently or always ran out of money; this was more prevalent in the C2DE group (25%), in households where someone has a disability (23%), among those with a variable rate (20%) or interest rate only mortgage (20%) and those who are aged 45 or older (18%).

Incidence of borrowing money for general living expenses

19% said that they frequently or often borrow money to cover general living expenses. Again this was more common in those households who have someone with a disability (30%), among the C2DE group (24%), and older homeowners (21% of those aged 35 or older compared to 6% of those under 35).

Affordability of mortgage

Four in five (79%) confirmed that their current mortgage was affordable (63% fairly and 17% very affordable). In contrast 19% thought their mortgage was either 'not very' or 'not at all' affordable. Those most likely to say it was not affordable were those on variable rate (34%)

or interest only mortgages (31%), those in the C2DE group (29%) and those who have a household member with a disability (25%). Those aged 35 or older (20%) were more likely than younger respondents (9% of those aged under 35) to say their mortgage was not affordable.

The following table summarises the responses given to these affordability questions, which were asked to assess the current financial situation of mortgaged homeowners.

Table 1.2 Current financial situation

	Have difficulties	Coping	Comfortable
Feelings about current household income	18% finding it difficult	46% coping	34% comfortable
Incidence of running out of money before payday	15% always/frequently	20% occasionally/rarely	63% very rarely/never
Incidence of borrowing money	19% frequently/often	18% not often/very rarely	61% never
Affordability of mortgage	19% not at all/not very	63% fairly affordable	17% very affordable

Incidence of struggling to pay mortgage

15% said that they had struggled to pay their mortgage in the last 12 months. Those in the C2DE households (26%), those with a variable rate (26%) or interest rate only (25%) mortgage, those with a disabled household member (24%) and older respondents (14% of those aged 35 to 44 and 17% of those aged 45 or older compared to 8% of those aged under 35) were more likely to have indicated that they had struggled. Those living in rural areas (19%) were also more likely to have said that they struggled when compared with respondents in urban areas (13%).

Conclusions

The Census 2021 shows that there are 227,856 households in Northern Ireland that are owned with a mortgage. Based on this figure and the survey results, we can estimate the likely number of households that are being impacted by the interest rate rises in the current mortgage market.

Table 1.3 Estimated number of households affected by interest rate rises

	% in survey	Estimated number of households
Mortgage holders on variable rate or tracker mortgages	24%	~55k
Fixed rate mortgage holders	68%	~155k
Fixed rate mortgage holders due to expire in next 18 months	22%	~51k
Levels of negative equity	7%	~16k
Suspended possession orders	0.6%	~1.5k

We can see that approximately 55k households are already exposed to interest rate increases due to having a variable rate mortgage. A further 51k households are due to end their fixed rate deals in the next 18 months; they will face having to find another deal, which is unlikely to be as competitive in the current market, or if they do nothing, revert to the standard variable rate of their provider. What is of note, is that over two thirds (68%) of those whose deal is due to expire in the next six months, have not yet researched their options.

Keeping in mind that the research was conducted prior to the latest interest rate rises, the research shows that 15% of households have already struggled to meet their mortgage repayments in the last 12 months. Those most likely to be affected are those aged 45 plus, C2DE households, those on variable rate and interest only mortgages and those who have a household member with a disability. The percentage who are struggling to meet mortgage repayments is likely to increase further, both due to the impact of the most recent interest rate rise and the 22% who are due to end their fixed rate mortgage deal in the next 18 months. This situation is likely to be exacerbated due to the lack of pro-activity from those affected in seeking out information to allow them to secure the best deals.

2. Introduction

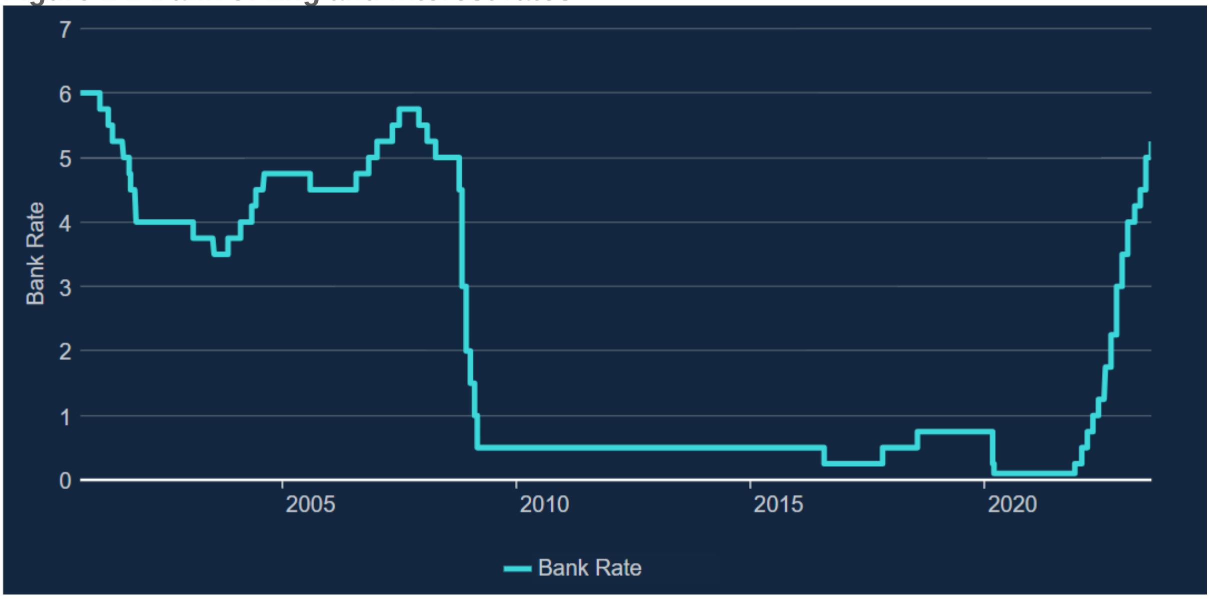
This section provides an overview of the background to the study and the aims and objectives that were set for the survey research.

Background

Housing Rights is a registered charity that has been helping people in Northern Ireland to deal with housing problems since it was established in 1964. It provides help to members of the public and other housing and advice professionals and is a leading provider of independent advice, training and information on housing and homelessness issues in NI. The work of Housing Rights is aimed at preventing homelessness, helping people access appropriate accommodation, and where possible, helping people sustain their existing accommodation.

Since December 2021, Bank of England interest rates have risen from 0.1% to 5.25%.[2] This means that anyone who has taken out their first mortgage in the last 14 years will not have been exposed to, and therefore have experience of these levels of interest rate increases. Alongside this, the surge in the cost of living means that households are facing increasing pressures on their household budgets.

Figure 2.1 Bank of England interest rates



Source: Bank of England, August 2023[2]

According to the Census 2021[3], 30% of households in Northern Ireland are owned with a mortgage. This equates to 227,856 householders who are potentially exposed to interest rate increases on their mortgages, through either having a variable rate mortgage or their fixed rate mortgage deal expiring. However, there is little comprehensive data available that profiles the mortgage market in Northern Ireland. A recent report, from The Centre for Progressive

[2] https://www.bankofengland.co.uk/explainers/why-are-interest-rates-in-the-uk-going-up#:~:text=On%20Thursday%203%20August%202023,loan%2C%20mortgage%20or%20savings%20account.

[3] https://www.nisra.gov.uk/publications/census-2021-main-statistics-housing-and-accommodation-tables

Policy[4], highlighted the lack of data on mortgage vulnerability in Northern Ireland. The report concluded that a major hurdle to drawing findings on the impact of the cost of living crisis was a lack of data on mortgage holders.

Research aims & objectives

To help bridge the data gap, Housing Rights commissioned Perceptive Insight to undertake a survey of home owners with mortgages in Northern Ireland. The aim of the research was to assess the impact of interest rate rises and cost of living pressures, to establish the prevalence of debt-related housing issues, and to provide an understanding of the vulnerability of those with mortgages. The research specifically sought to understand the profile of the market in Northern Ireland with regard to:

- Number of mortgage holders on variable/tracker mortgages exposed to interest rate rises;
- Number of mortgage holders on fixed term mortgages about to expire;
- Number of mortgage holders on suspended possession orders;
- Number of mortgage holders with interest only mortgages; and
- Levels of negative equity.

It should be noted that since the research was conducted (May/June 2023) there have been further interest rate rises, from 4.5% on 11th May 2023 to 5% on 22nd June 2023 and to 5.25% on 3rd August 2023.

Report structure

The following sections of the report present an overview of the survey methodology including an outline of respondents' demographic characteristics. The subsequent sections explore the research findings based on the survey themes, as follows:

- Type of mortgage;
- Fixed rate mortgages;
- Current financial situation; and
- Case studies.

Where relevant, statistically significant results at the 95% confidence level are clearly highlighted throughout the report.

[4] https://www.progressive-policy.net/downloads/files/CPP_CoL-Devolved-nations_report_July-2023_SP_2023-07-18-144113_omnr.pdf

3. Methodology

This section provides an overview of the approach taken in the design and implementation of the research.

Approach

Perceptive Insight undertook a representative survey of 1,006 adults in Northern Ireland who hold a mortgage on their home. A mixed approach methodology, including telephone and face-to-face interviewing, was used to conduct the survey. Interviewing began on 15th May 2023 and was completed by 18th June 2023, with each interview taking, on average, 10 minutes to complete. Interviewing was carried out in compliance with the GDPR 2018 and the Market Research Society Code of Conduct.

The questionnaire was developed in collaboration with the Housing Rights project team to ensure that the areas of interest were adequately captured.

Targets, based on Census 2021, were set on the number of interviews conducted in each local council area, to ensure that there was a representative geographical spread among those who participated.

Respondent demographics

The table below indicates the number of interviews achieved by age, gender, social grade, and location.

Table 3.1 Respondent demographics

		Number of interviews achieved	Achieved %
Age (HRP)	18 - 34	99	10%
	35 - 44	312	31%
	45 plus	587	59%
	Prefer not to say	8	1%
Gender	Male	504	50%
	Female	501	50%
	Other	1	0%
Social grade[5]	ABC1	690	69%
	C2DE	284	28%
	Prefer not to say	32	3%
Urban/Rural	Urban	643	64%
	Rural/Mixed	363	36%
Total		***1006***	***100%***

[5] Social grade is a classification system based on occupation and it enables a household to be classified according to the occupation of the Chief Income Earner (CIE). A summary is provided at Appendix A and definitions of social grades can be found at: https://www.mrs.org.uk/pdf/Definitions%20used%20in%20Social%20Grading%20based%20on%20OG7.pdf

Table 3.1 Respondent demographics (continued)

		Number of interviews achieved	Achieved %
Council	Antrim and Newtownabbey	91	9%
	Ards and North Down	104	10%
	Armagh City, Banbridge and Craigavon	123	12%
	Belfast	163	16%
	Causeway Coast and Glens	69	7%
	Derry City and Strabane	65	6%
	Fermanagh and Omagh	49	5%
	Lisburn and Castlereagh	105	10%
	Mid and East Antrim	80	8%
	Mid Ulster	71	7%
	Newry, Mourne and Down	86	9%
Total		***1006***	***100%***

*Due to rounding, some percentages may total 99%-101%

The remainder of this report details the key findings from the survey. For each question we have charted the overall findings representative of mortgage holders in the NI population, followed by tables detailing any statistically significant demographic differences.

Case studies

In addition to the survey, four case study in depth interviews were conducted. The aim of the case studies was to qualitatively explore in more depth, the experiences of mortgage holders who were struggling with their financial situation.

4. Type of mortgage

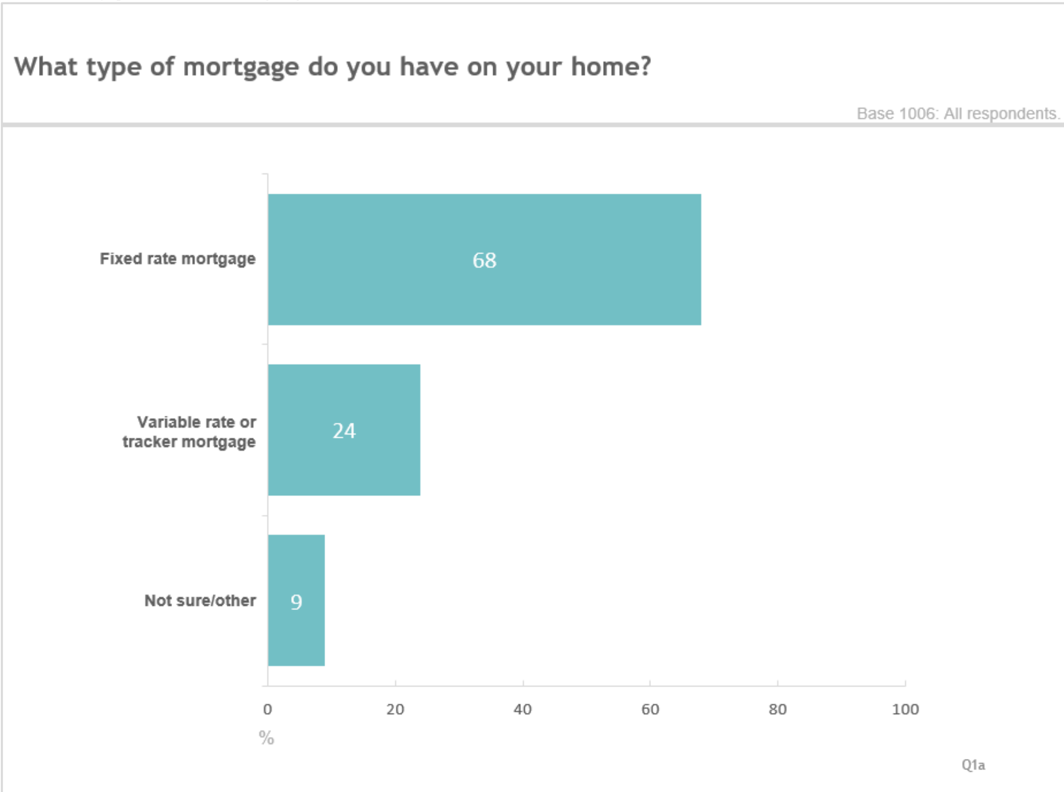
This section explores the types of mortgages respondents have, their cost and payback details. It is structured under the following headings:

- Type of mortgage;
- Incidence of 'interest only' repayment mortgages;
- Monthly cost of mortgage;
- Incidence of paying extra on mortgage;
- Payback period of mortgage;
- Incidence of extending the mortgage;
- Repayment time remaining on mortgage; and
- Incidence of suspended possession orders.

Type of mortgage

Respondents were asked about the type of mortgage they have on their home. Over two thirds (68%) said they have a fixed rate mortgage, while one quarter (24%) confirmed that they are on a variable rate or tracker mortgage. A further 9% stated they were unsure or had another type of mortgage (see Figure 4.1).

Figure 4.1 Type of mortgage



The following significant differences were observed in the data (see Table 4.1):

- While a fixed rate mortgage was most popular across all age groups (68%), those aged 18 to 34 (86%) were more likely to have one than those aged 35 to 44 (71%) and those aged 45 or older (63%). In contrast, those in the older age groups were more likely than younger respondents to have a variable rate mortgage (6% of those aged under 35, compared to 22% of those aged 35 to 44, and 28% of those aged 45 plus);

- Almost three quarters (73%) of those in the ABC1 group have a fixed rate mortgage, compared to 57% in the C2DE group;
- Respondents who have children of pre-school age (81%) were more likely to have a fixed rate mortgage compared to those without children (65%). However, while a greater proportion of respondents who have children of any age (70%) are on a fixed rate mortgage, there were no significant differences observed when compared to those without children (65%);
- Those who do not have anyone in their household with a disability (70%) were more likely to be on a fixed rate mortgage compared to those who have a household member with a disability (58%), with these respondents more likely to have a variable rate mortgage (36%, compared to 21% without a disability).

Table 4.1 Type of mortgage by age, social grade, location, children and disability

		Fixed rate	Variable rate	Not sure/other	*Total*
Overall	All *Base: 1006*[6]	68%	24%	9%	*100%*
Age	Under 35 *Base: 99*	86%	6%	8%	*100%*
	35 to 44 *Base: 312*	71%	22%	7%	*100%*
	45 plus *Base: 587*	63%	28%	9%	*100%*
Social Grade	ABC1 *Base: 690*	73%	20%	7%	*100%*
	C2DE *Base: 284*	57%	32%	11%	*100%*
Location	Urban *Base: 643*	67%	24%	10%	*100%*
	Rural *Base: 363*	69%	24%	7%	*100%*
Interest only mortgage	Yes *Base: 188*	54%	34%	12%	*100%*
	No *Base: 776*	72%	22%	6%	*100%*
Children	Yes *Base: 546*	70%	22%	8%	*100%*
	No *Base: 442*	65%	26%	8%	*100%*
Disability	Yes *Base: 193*	58%	36%	7%	*100%*
	No *Base: 791*	70%	21%	9%	*100%*

[6] Where base numbers do not add to 1,006 this is due to respondents declining to provide a response to the question

Incidence of ‘interest only’ repayment mortgages

One fifth (19%) of respondents reported that their mortgage is an ‘interest only’ repayment mortgage, with those on a variable rate or tracker mortgage (26%) more likely to have such a mortgage compared to those on a fixed rate mortgage (15%). One quarter (25%) of those in the C2DE group had an ‘interest only’ repayment mortgage, compared to 16% in the ABC1 group. There were no significant differences by age, although those aged 35 to 44 were slightly less likely to have an ‘interest only’ mortgage (see Figure 4.2 and Table 4.2).

Table 4.2 Incidence of ‘interest only’ repayment mortgages

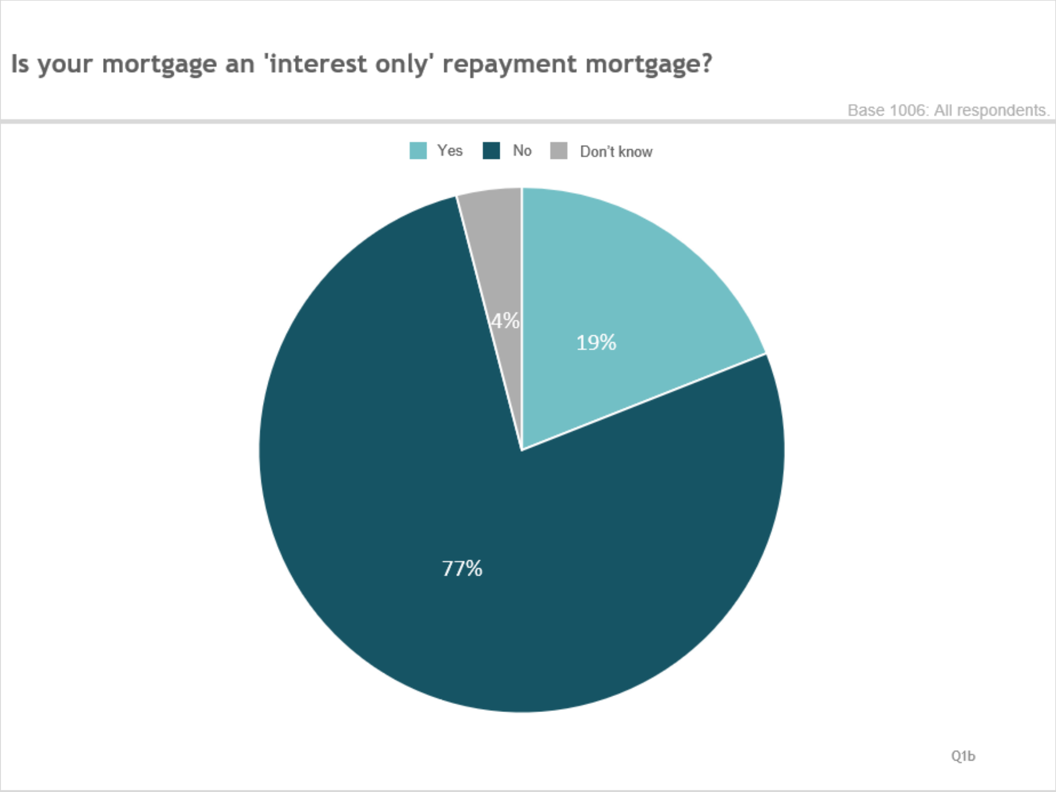


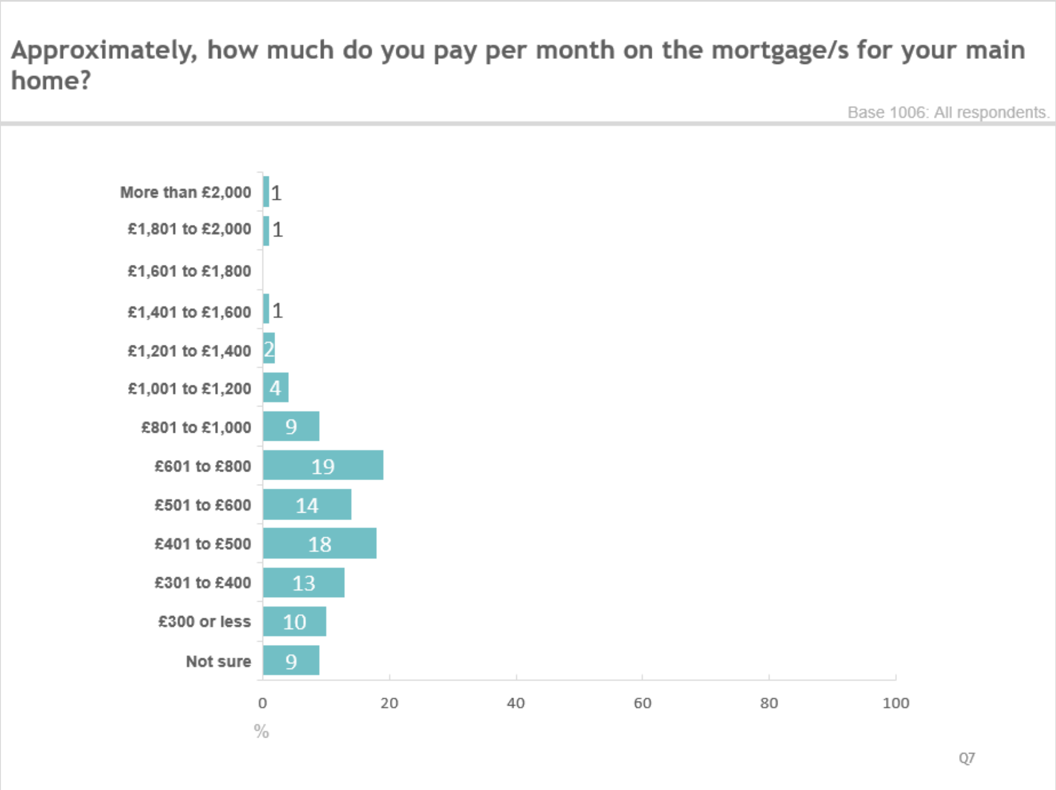
Table 4.2 Incidence of ‘interest only’ repayment mortgages by social grade and mortgage type

		Yes	No	Not sure	*Total*
Overall	All *Base: 1006*	19%	77%	4%	*100%*
Age	Under 35 *Base: 99*	22%	74%	4%	*100%*
	35 to 44 *Base: 312*	15%	80%	4%	*100%*
	45 plus *Base: 587*	20%	76%	4%	*100%*
Social grade	ABC1 *Base: 690*	16%	81%	3%	*100%*
	C2DE *Base: 284*	25%	69%	5%	*100%*
Mortgage type	Fixed rate *Base: 681*	15%	82%	3%	*100%*
	Variable rate *Base: 242*	26%	71%	2%	*100%*

Monthly cost of mortgage

Respondents were asked how much they pay per month on their mortgage. Over one fifth (22%)[7] pay £400 or less, while one third (32%) pay between £401 and £600. 19% pay £601 to £800, 9% pay £801 to £1,000, and a further 9% pay more than £1,000 per month on their mortgage. It should also be noted that 9% were unsure how much they pay per month on their mortgage (see Figure 4.3). Although those with a variable rate mortgage (26%) were more likely than those on a fixed rate (20%) to be paying £400 or less, they were also more likely to pay more than £1,000 per month (12%, compared to 8% on fixed rate) (see Table 4.3).

Figure 4.3 Payment per month on mortgage



Subgroup analysis reveals the following significant differences (see Table 4.3):

- Those aged over 35 had greater monthly mortgage outgoings compared to younger homeowners (9% of those aged under 35 were paying more than £800 per month compared to 20% of those aged 35 to 44 and 18% of those aged 45 plus);
- Respondents in the C2DE group (35%) were more likely to be paying £400 or less per month than those in the ABC1 group (18%), who were more likely to be spending more than £800 per month (20%, compared to 12% in the C2DE group);
- Those living in rural areas (21%) were more likely than those in urban areas (16%) to be paying more than £800 per month;
- Respondents living in terraced housing (40%) were most likely to pay £400 or less per month, while those in detached houses (29%) were most likely to pay more than £800 per month on their mortgage;
- 28% of those without children pay less than £400 per month on their mortgage, compared to 18% with children. Those with children (22%) were more likely to pay more than £800 per month when compared with those who do not have children (13%);

[7] Please note when adding categories together, actual counts are used and therefore may differ by +/- 1% from that displayed in charts

- Respondents who have someone in their household with a disability (34%) were more likely to pay less than £400 per month on their mortgage when compared with those without a disability (19%).

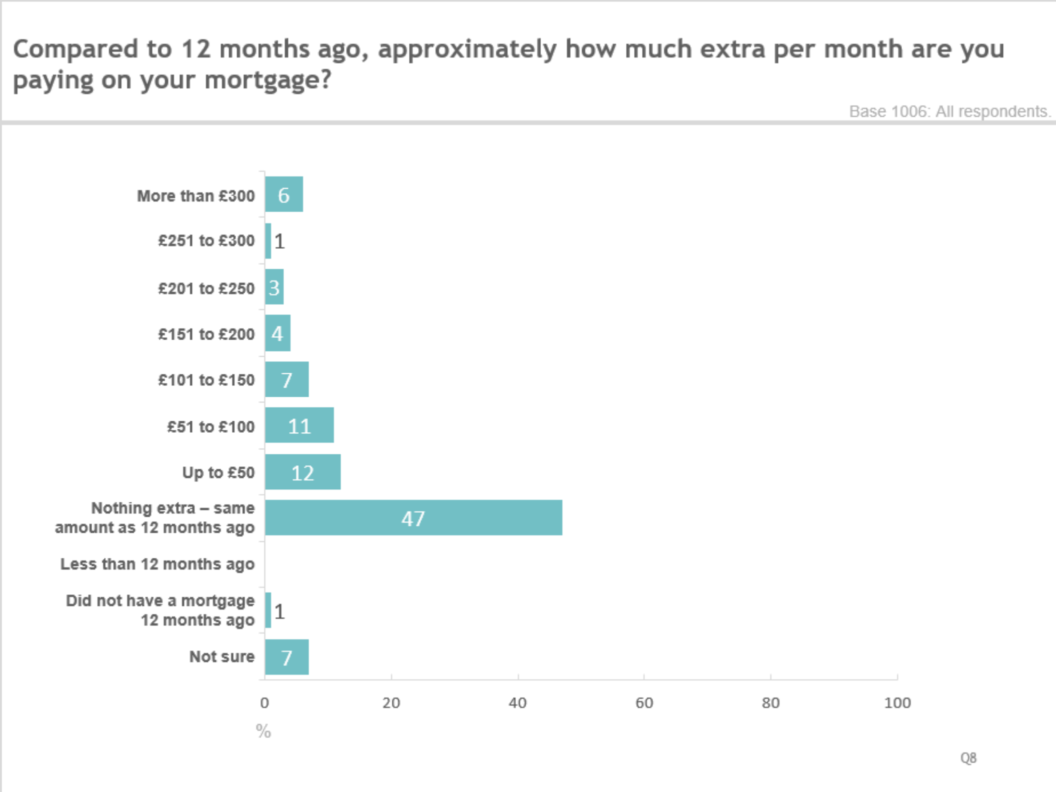
Table 4.3 Payment per month on mortgage by age, social grade, mortgage, location, type of home, children and disability

		£400 or less	£401-£600	£601-£800	£801-£1,000	More than £1,000	Not sure	*Total*
Overall	All *Base: 1006*	22%	32%	19%	9%	9%	9%	*100%*
Age	Under 35 *Base: 99*	21%	40%	21%	6%	3%	8%	*100%*
	35-44 *Base: 312*	18%	33%	21%	13%	7%	7%	*100%*
	45 plus *Base: 587*	24%	30%	18%	7%	11%	9%	*100%*
Social grade	ABC1 *Base: 690*	18%	32%	21%	10%	10%	8%	*100%*
	C2DE *Base: 284*	35%	32%	16%	7%	5%	6%	*100%*
Mortgage type	Fixed rate *Base: 681*	20%	35%	21%	9%	8%	8%	*100%*
	Variable rate *Base: 242*	26%	28%	17%	9%	12%	7%	*100%*
Location	Urban *Base: 643*	23%	33%	19%	8%	8%	10%	*100%*
	Rural *Base: 363*	20%	31%	20%	11%	10%	7%	*100%*
Type of home	Apartment/other *Base: 30*	17%	30%	13%	7%	-	33%	*100%*
	Terraced *Base: 147*	40%	34%	12%	5%	3%	7%	*100%*
	Semi-detached *Base: 405*	25%	34%	19%	8%	5%	10%	*100%*
	Detached *Base: 329*	12%	28%	25%	11%	18%	7%	*100%*
	Bungalow *Base: 95*	17%	36%	18%	16%	6%	7%	*100%*
Children	Yes *Base: 546*	18%	30%	21%	12%	10%	9%	*100%*
	No *Base: 442*	28%	35%	17%	5%	8%	7%	*100%*
Disability	Yes *Base: 193*	34%	32%	13%	10%	5%	6%	*100%*
	No *Base: 791*	19%	33%	21%	9%	10%	8%	*100%*

Incidence of paying extra on mortgage

Respondents were asked how much extra they were paying per month on their mortgage compared to 12 months ago. Just less than half (47%) indicated that they are paying the same amount as one year ago. However, almost one quarter (23%) were paying up to £100 extra and 21% were paying more than £100 extra per month. 7% were unsure how much extra they were paying. Those on a variable rate mortgage (81%) were more likely to be paying extra compared to those on a fixed rate mortgage (28%) (see Figure 4.4 and Table 4.4).

Figure 4.4 Incidence of paying extra on mortgage



The following significant differences were also observed (see Table 4.4):

- Respondents aged 18 to 34 (61%) were more likely to be paying nothing extra on their mortgage when compare with those aged 35 to 44 (48%) and 45 plus (45%);
- Half (51%) of those in the C2DE group were paying extra on their mortgage, compared to 41% in the ABC1 group;
- Respondents who have someone in their household with a disability (54%) were more likely to be paying extra compared to those without a disability (42%);
- Those who have an interest only mortgage (60%) were more likely to be paying extra when compared with those who don't have one (41%).

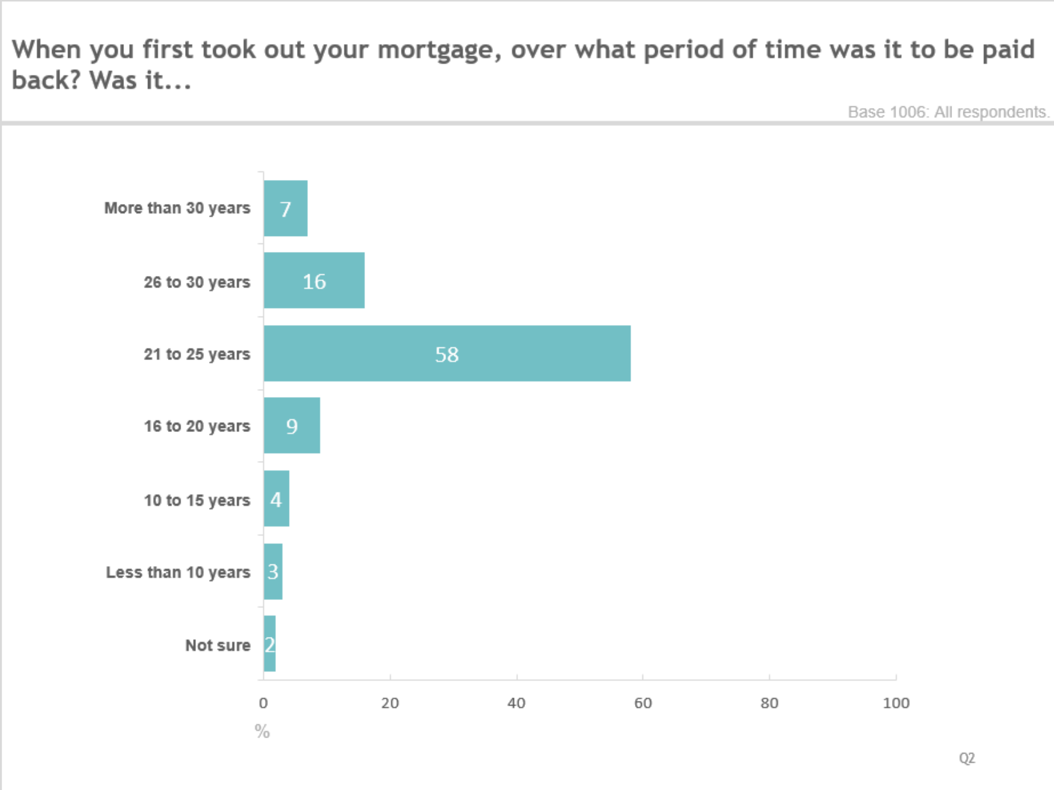
Table 4.4 Incidence of paying extra on mortgage by age, social grade, mortgage and disability

		Nothing extra	Paying extra	Less than 12 months ago	Did not have mortgage	Not sure	*Total*
Overall	All *Base: 1006*	47%	44%	0%	1%	7%	*100%*
Age	Under 35 *Base: 99*	61%	27%	-	4%	8%	*100%*
	35-44 *Base: 312*	48%	44%	1%	2%	5%	*100%*
	45 plus *Base: 587*	45%	47%	0%	0%	8%	*100%*
Social grade	ABC1 *Base: 690*	51%	41%	0%	1%	6%	*100%*
	C2DE *Base: 284*	41%	51%	1%	-	7%	*100%*
Mortgage type	Fixed rate *Base: 681*	64%	28%	1%	1%	5%	*100%*
	Variable rate *Base: 242*	9%	81%	-	-	10%	*100%*
Interest only mortgage	Yes *Base: 188*	31%	60%	1%	1%	7%	*100%*
	No *Base: 776*	52%	41%	0%	1%	6%	*100%*
Disability	Yes *Base: 193*	37%	54%	1%	1%	7%	*100%*
	No *Base: 791*	51%	42%	0%	1%	6%	*100%*

Payback period of mortgage

Respondents were asked over what period of time their mortgage was intended to be paid back when they first took out their mortgage. Most commonly, 58% said their mortgage was due to be paid back over 21 to 25 years, with 23% having a repayment term of over more than 25 years and 16% in 20 years or less. Those on a variable rate mortgage (65%) were more likely to have to pay back their mortgage over 21 to 25 years compared to those on a fixed rate mortgage (55%) (see Figure 4.5 and Table 4.5).

Figure 4.5 Payback time of mortgage



The following significant differences were also observed (see Table 4.5):

- Those aged under 35 (55%) were more likely to have a repayment term of longer than 25 years compared to those aged 35 to 44 (38%) and 45 plus (11%).

Table 4.5 Payback time on mortgage by age, mortgage, and disability

		Less than 15 years	16 to 20 years	21 to 25 years	26 to 30 years	More than 30 years	Not sure	*Total*
Overall	All *Base: 1006*	7%	9%	58%	16%	7%	2%	*100%*
Age	Under 35 *Base: 99*	4%	3%	37%	35%	20%	-	*100%*
	35-44 *Base: 312*	6%	6%	48%	25%	13%	3%	*100%*
	45 plus *Base: 587*	10%	12%	67%	9%	2%	1%	*100%*
Mortgage type	Fixed rate *Base: 681*	10%	8%	55%	17%	8%	2%	*100%*
	Variable rate *Base: 242*	4%	10%	65%	15%	5%	1%	*100%*

Incidence of extending the mortgage

One fifth (22%) of respondents had extended their mortgage. While there were no significant differences observed between the type of mortgage, those aged 45 or over (33%), who were in the C2DE group (27%), who live in a bungalow (37%), who do not have children (26%) and who have someone in their household with a disability (31%) were all more likely to have extended their mortgage (see Figure 4.6 and Table 4.6).

Figure 4.6 Incidence of extending the mortgage

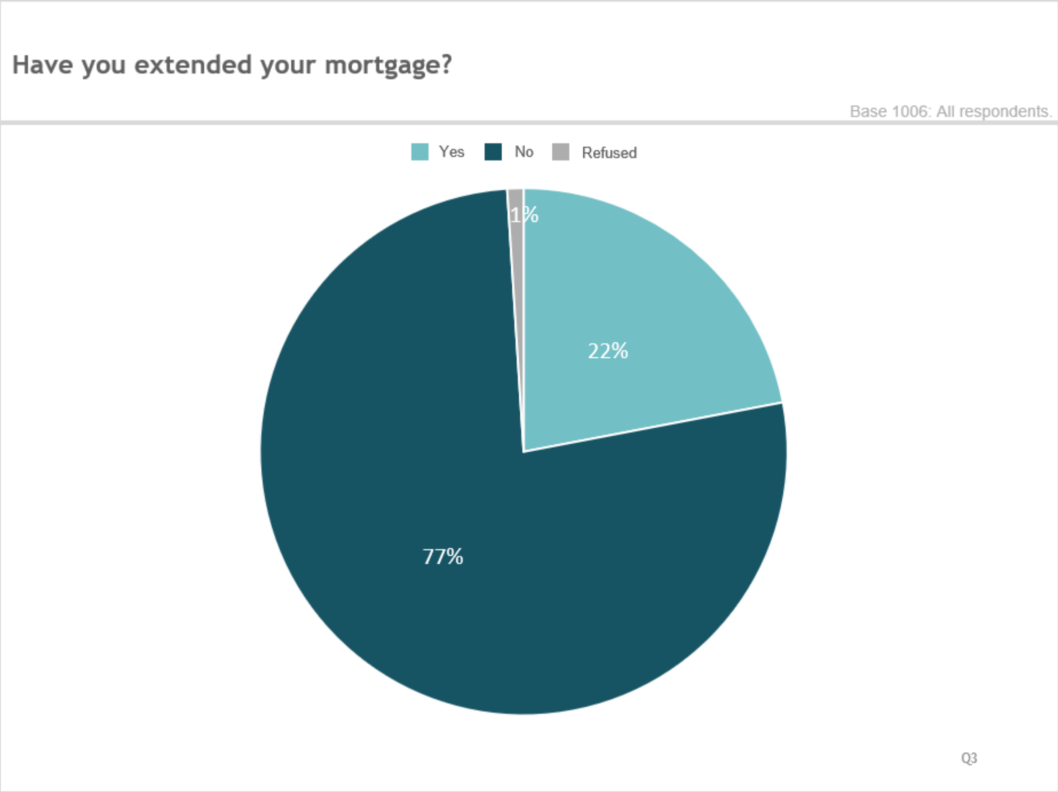


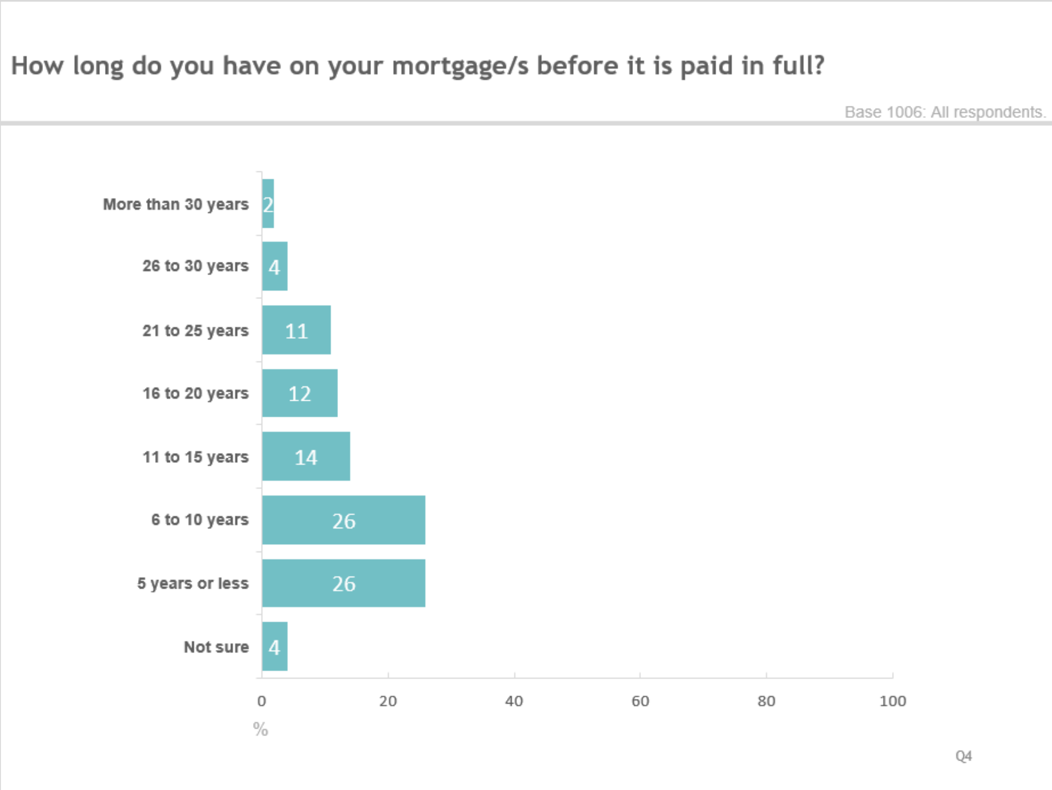
Table 4.6 Incidence of extending mortgage by age, social grade, mortgage, location, type of home, children and disability

		Yes	No	Refused	*Total*
Overall	All *Base: 1006*	22%	77%	1%	*100%*
Age	Under 35 *Base: 99*	1%	99%	-	*100%*
	35-44 *Base: 312*	10%	89%	1%	*100%*
	45 plus *Base: 587*	33%	66%	1%	*100%*
Social grade	ABC1 *Base: 690*	21%	79%	0%	*100%*
	C2DE *Base: 284*	27%	73%	0%	*100%*
Mortgage type	Fixed rate *Base: 681*	21%	78%	0%	*100%*
	Variable rate *Base: 242*	24%	76%	1%	*100%*
Location	Urban *Base: 643*	20%	79%	1%	*100%*
	Rural *Base: 363*	27%	73%	0%	*100%*
Type of home	Apartment/other *Base: 30*	13%	83%	3%	*100%*
	Terraced *Base: 147*	21%	79%	-	*100%*
	Semi-detached *Base: 405*	21%	78%	1%	*100%*
	Detached *Base: 329*	22%	78%	-	*100%*
	Bungalow *Base: 95*	37%	63%	-	*100%*
Children	Yes *Base: 546*	20%	79%	1%	*100%*
	No *Base: 442*	26%	74%	1%	*100%*
Disability	Yes *Base: 193*	31%	68%	2%	*100%*
	No *Base: 791*	21%	79%	0%	*100%*

Repayment time remaining on mortgage

Over half (52%) of respondents will have repaid their mortgage in full within the next 10 years, including one quarter (26%) who have five years or less remaining. A further 26% have between 11 and 20 years left, while 17% have more than 20 years before their mortgage is paid off (see Figure 4.7).

Figure 4.7 Repayment time remaining on mortgage



Subgroup analysis reveals the following significant differences (see Table 4.7):

- 40% of those aged 45 and over have five years or less left on their mortgage, while 5% have more than 20 years left. In contrast, 8% aged 18 to 34 will have paid their mortgage off in the next five years, whereas 60% have more than 20 years left;
- Those in the C2DE group were more likely to have a shorter time left on their mortgage than those in the ABC1 group;
- One third (32%) of those on a variable rate mortgage will have paid their mortgage off in the next five years, compared to one quarter (24%) with a fixed rate. In contrast, those with a fixed rate mortgage (22%) were more likely than those with a variable rate (7%) to have more than 20 years left;
- Those living in rural areas were more likely to have a shorter time remaining than those in urban areas.
- Respondents who do not have children (34%) were more likely to have up to five years left on their mortgage when compared with those who have children (18%);
- 63% of those who have someone in their household with a disability have up to 10 years left on their mortgage, compared to half (50%) of those who do not have a disability.

Table 4.7 Time left on mortgage by age, social grade, mortgage, location, children and disability

		5 years or less	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	26 to 30 years	More than 30 years	Not sure	*Total*
Overall	All *Base: 1006*	26%	26%	14%	12%	11%	4%	2%	4%	*100%*
Age	Under 35 *Base: 99*	8%	4%	3%	22%	27%	20%	13%	2%	*100%*
	35-44 *Base: 312*	6%	22%	20%	20%	19%	6%	3%	5%	*100%*
	45 plus *Base: 587*	40%	32%	13%	6%	4%	0%	1%	4%	*100%*
Social grade	ABC1 *Base: 690*	26%	24%	14%	13%	12%	4%	3%	3%	*100%*
	C2DE *Base: 284*	25%	31%	15%	10%	8%	5%	2%	4%	*100%*
Mortgage type	Fixed rate *Base: 681*	24%	23%	15%	13%	14%	5%	3%	3%	*100%*
	Variable rate *Base: 242*	32%	32%	13%	11%	4%	2%	1%	4%	*100%*
Location	Urban *Base: 643*	25%	24%	14%	13%	13%	4%	2%	5%	*100%*
	Rural *Base: 363*	28%	30%	14%	11%	7%	5%	2%	2%	*100%*
Children	Yes *Base: 546*	18%	26%	17%	15%	13%	4%	2%	4%	*100%*
	No *Base: 442*	34%	28%	11%	9%	7%	5%	3%	3%	*100%*
Disability	Yes *Base: 193*	31%	32%	12%	8%	6%	3%	3%	6%	*100%*
	No *Base: 791*	25%	25%	14%	14%	12%	5%	2%	3%	*100%*

Incidence of potential for negative equity

When asked about the equity in their mortgage if they were to sell their home in the current market, three quarters (75%) said they would be able to make the repayment in full with money to spare, while 13% indicated they could pay it and just about break even. In contrast, 7% believed they would not be able to pay in full, resulting in negative equity. Respondents who were on a variable rate mortgage (11%) were more likely to report they would be in negative equity than those on a fixed rate mortgage (5%) (see Figure 4.8 and Table 4.8).

Of those who would be in negative equity, 46% were unsure of how much they would still owe (see Figure 4.9).

Figure 4.8 Potential position after repaying the mortgage after selling home

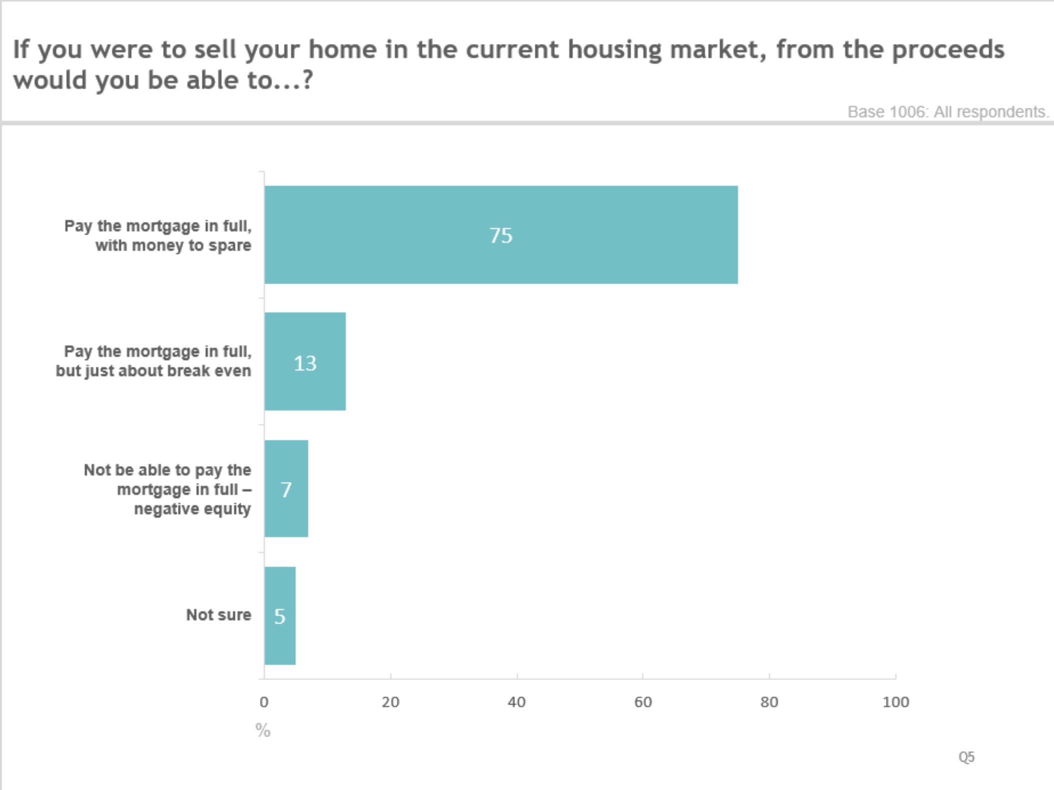
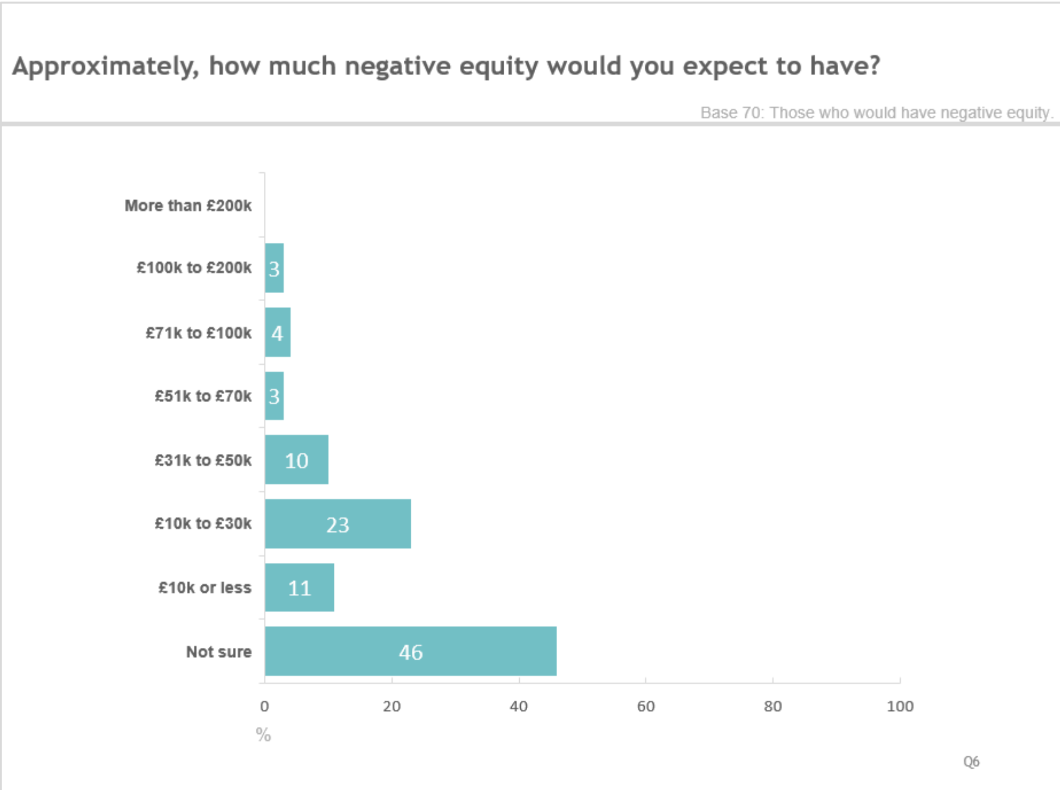


Figure 4.9 Estimated level of negative equity after paying for home



The following subgroups were significantly more likely to report they would be in negative equity if they were to sell their home in the current housing market (see Table 4.8):

- Those aged 18 to 34 (12%) and 35 to 44 (11%) when compared with those aged 45 and over (4%);
- Those in the C2DE group (11%) when compared with those in the ABC1 group (5%);
- Those living in apartments (13%), terraced (8%) and semi-detached (9%) homes when compared with those in detached homes (4%);
- Those on an interest only repayment mortgage (15%) when compared with those not on one (5%).

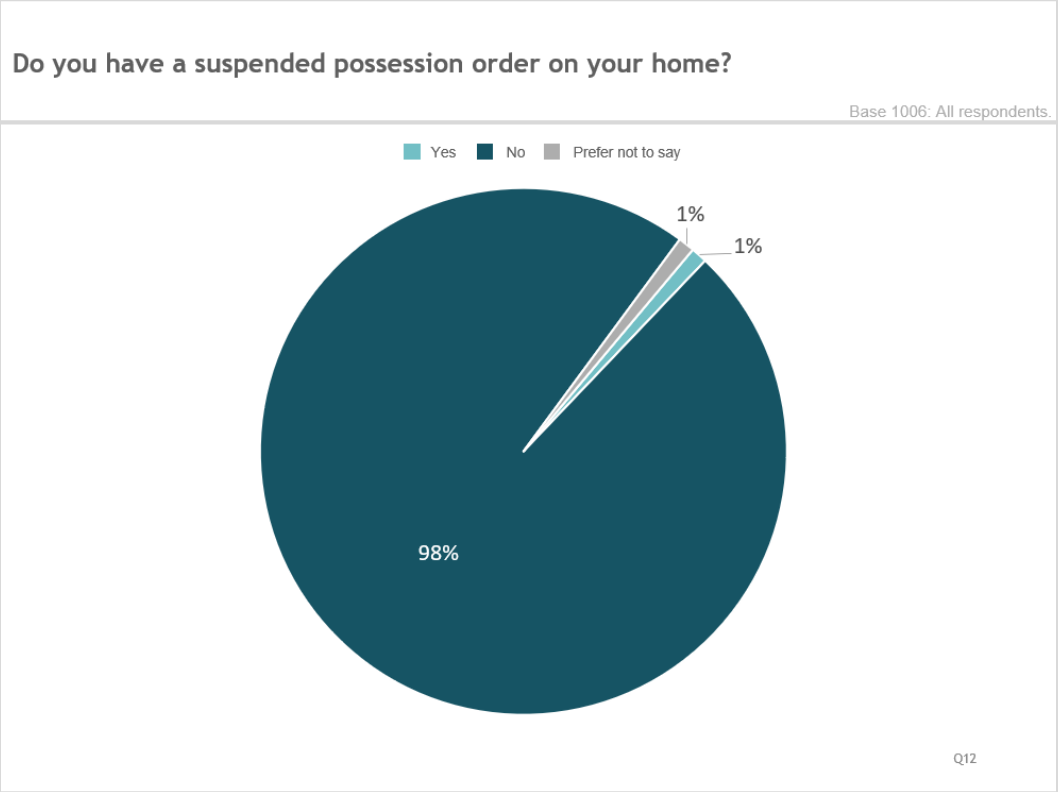
Table 4.8 Potential position after repaying the mortgage after selling home by age, social grade, mortgage type, and type of home

		Pay in full, with money to spare	Pay in full, but just about break even	Not able to pay in full - negative equity	Not sure	*Total*
Overall	All *Base: 1006*	75%	13%	7%	5%	*100%*
Age	Under 35 *Base: 99*	59%	22%	12%	7%	*100%*
	35-44 *Base: 312*	70%	13%	11%	6%	*100%*
	45 plus *Base: 587*	81%	11%	4%	4%	*100%*
Social grade	ABC1 *Base: 690*	77%	14%	5%	4%	*100%*
	C2DE *Base: 284*	70%	11%	11%	7%	*100%*
Mortgage type	Fixed rate *Base: 681*	78%	13%	5%	5%	*100%*
	Variable rate *Base: 242*	74%	12%	11%	2%	*100%*
Interest only mortgage	Yes *Base: 188*	59%	21%	15%	6%	*100%*
	No *Base: 776*	80%	11%	5%	4%	*100%*
Type of home	Apartment/other *Base: 30*	50%	20%	13%	17%	*100%*
	Terraced *Base: 147*	73%	14%	8%	5%	*100%*
	Semi-detached *Base: 405*	70%	14%	9%	6%	*100%*
	Detached *Base: 329*	84%	10%	4%	2%	*100%*
	Bungalow *Base: 95*	76%	17%	4%	3%	*100%*

Incidence of suspended possession orders

Respondents were asked whether they had a suspended possession order on their home – an order which lets people stay in their home so long as they keep to certain terms. 1% said that they have a suspended possession order (see Figure 4.10).

Figure 4.10 Incidence of suspended possession orders



5. Fixed rate mortgages

In this section we focus on those respondents who have a fixed rate mortgage, with particular focus given to those whose mortgage is due to expire in 2023.

Expiration of fixed rate mortgage

As detailed in Section 4, over two thirds (68%) confirmed that they have a fixed rate mortgage on their home. These respondents were asked for further details on when their mortgage deal was due to end. 13% said their mortgage was due to expire in 2023, with a further fifth (20%) saying it would expire in 2024. Under half (47%) have a mortgage that will expire between 2025 and 2027, with 10% having one that is due to expire in 2028 or later. It should also be noted that 11% were unsure when their mortgage was due to expire, with those aged 45 and over (13%) more likely to report this than those aged under 35 (5%) (see Figure 5.1 and Table 5.1).

Figure 5.1 Expiration of fixed rate mortgage

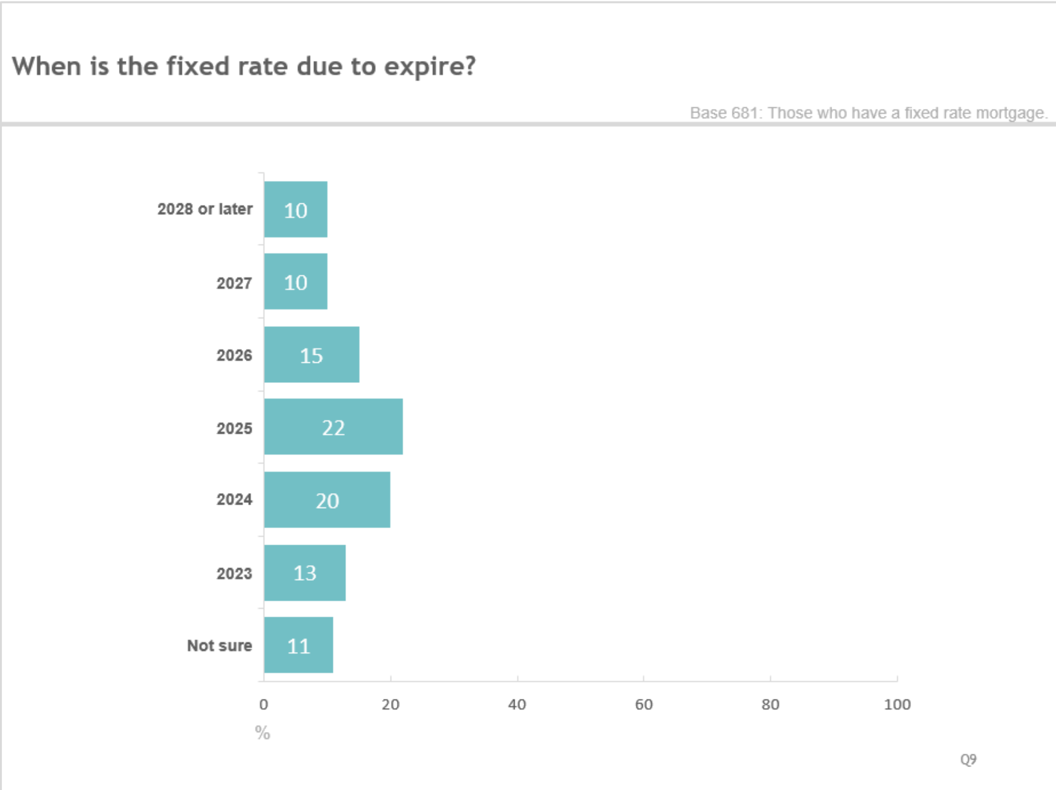


Table 5.1 Expiration of fixed rate mortgage by age

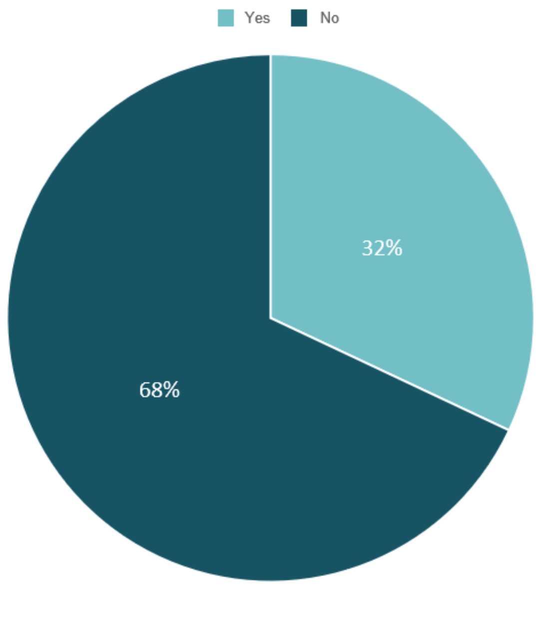
		2023	2024	2025	2026	2027	2028 or later	Not sure	*Total*
Overall	All *Base: 681*	13%	20%	22%	15%	10%	10%	11%	*100%*
Age	Under 35 *Base: 85*	18%	16%	26%	13%	14%	8%	5%	*100%*
	35-44 *Base: 222*	12%	22%	24%	17%	9%	9%	9%	*100%*
	45 plus *Base: 368*	13%	19%	20%	15%	9%	11%	13%	*100%*

Less than one third (32%) of those respondents who said their fixed rate mortgage would expire in 2023 said that they have looked at options to replace their mortgage (see Figure 5.2). Of the 29 respondents who reported this, six were unsure how much extra per month they were being quoted to replace their mortgage deal, and four said they were quoted the same amount as 12 months ago. 19 respondents confirmed that they had received quotes that would increase their monthly payment, with six saying that their quote was up to £100 per month extra, five confirming it was £101 to £200 extra, three stating it was between £201 and £300, and five saying it was more than this.

Figure 5.2 Replacing fixed rate mortgage

Have you looked at the options to replace your fixed rate mortgage, which is due to expire in 2023?

Base 91: Those who have a fixed rate mortgage due to expire in 2023.



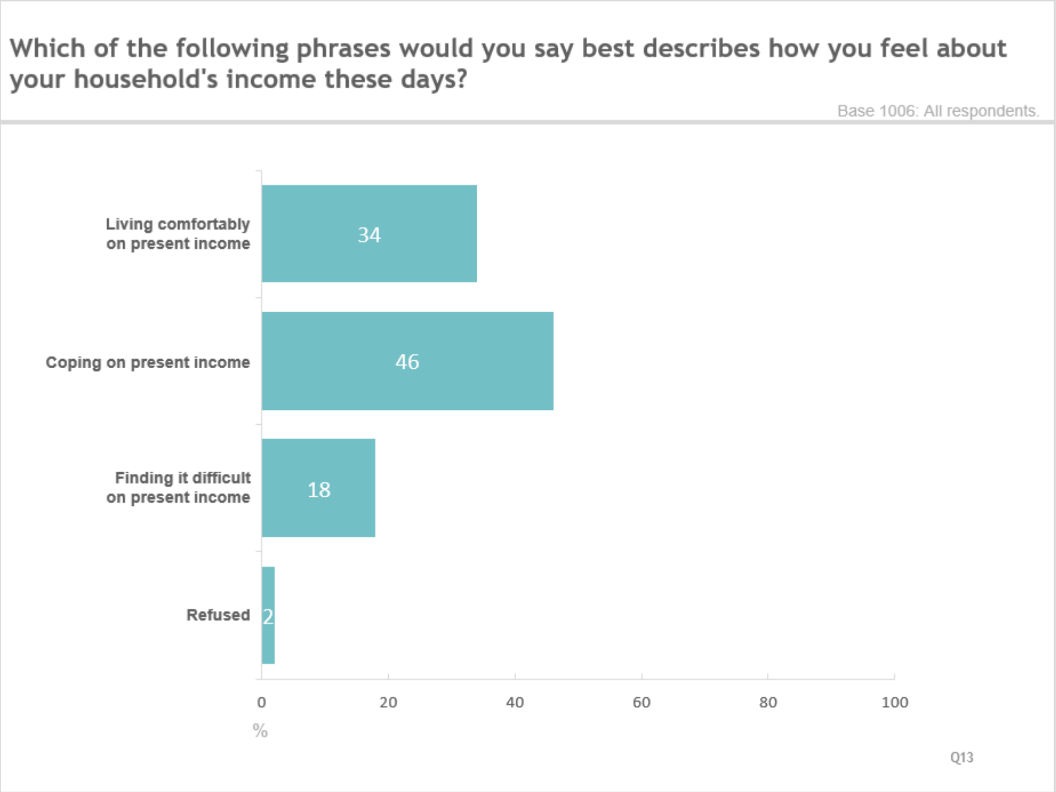
6. Current financial situation

Respondents were asked several questions about their current financial situation and the perceived affordability of their mortgage.

Financial situation

One third (34%) indicated that they are living comfortably on their present income, with a further 46% stating that they are coping on their income. 18% said they were finding it difficult on their present income (see Figure 6.1).

Figure 6.1 Current position on household income



The following significant differences were observed (see Table 6.1):

- Respondents aged 18 to 34 (44%) were more likely to say they were living comfortably on their present income compared to those aged 35 to 44 (30%) or 45 plus (34%). While 10% of 18 to 34 year olds indicated that they were finding it difficult on their present income, this increased to 17% for those aged 35 to 44 and 20% for those aged 45 or older.
- One quarter (27%) of those in the C2DE group said they were finding it difficult on their current income compared to 15% in the ABC1 group;
- Those on variable rate mortgages (26%) were more likely to be finding it difficult on their present income compared to those with a fixed rate (15%);

- Respondents who have an interest only mortgage (27%) were more likely to say they were finding it difficult on their current income when compared with those who do not have one of these mortgages (16%)
- Those who have someone in their household with a disability (31%) were more likely to be finding it difficult on their present income than those who do not (15%).

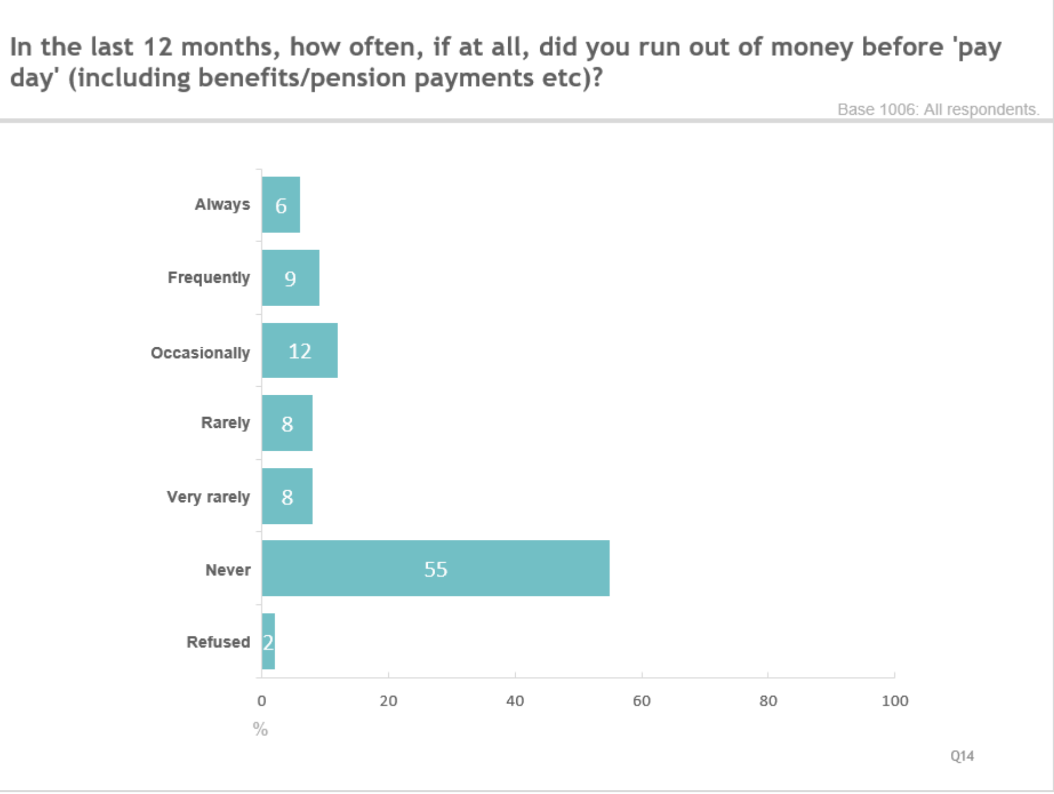
Figure 6.1 Current position on household income by age, social grade, mortgage type, location, and disability

		Living comfortably on present income	Coping on present income	Finding it difficult on present income	Refused	*Total*
Overall	All *Base: 1006*	34%	46%	18%	2%	*100%*
Age	Under 35 *Base: 99*	44%	43%	10%	2%	*100%*
	35-44 *Base: 312*	30%	51%	17%	2%	*100%*
	45 plus *Base: 587*	34%	43%	20%	2%	*100%*
Social grade	ABC1 *Base: 690*	40%	44%	15%	1%	*100%*
	C2DE *Base: 284*	21%	51%	27%	1%	*100%*
Mortgage type	Fixed rate *Base: 681*	37%	47%	15%	2%	*100%*
	Variable rate *Base: 242*	27%	45%	26%	2%	*100%*
Interest only mortgage	Yes *Base: 188*	32%	40%	27%	1%	*100%*
	No *Base: 776*	36%	47%	16%	2%	*100%*
Location	Urban *Base: 643*	36%	43%	19%	2%	*100%*
	Rural *Base: 363*	31%	50%	17%	2%	*100%*
Disability	Yes *Base: 193*	23%	46%	31%	-	*100%*
	No *Base: 791*	37%	47%	15%	1%	*100%*

Incidence of running out of money before pay day

Respondents were asked how often in the last year, if at all, they ran out of money before pay day. Less than two thirds (63%) said they very rarely or never ran out of money before payday, with a further fifth (20%) reporting this happened occasionally or rarely. 15% stated that they always or frequently ran out of money (see Figure 6.2).

Figure 6.2 Incidence of running out of money before payday



Subgroup analysis reveals the following significant differences (see Table 6.2):

- Those aged 45 and over (18%) were more likely to say they always or frequently ran out of money before payday when compared with those aged 35 to 44 (12%) and under 35 (9%);
- One quarter (25%) of respondents in C2DE households said they always or frequently ran out of money, compared to 11% in the ABC1 group. In contrast, those in the ABC1 group (68%) were more likely than those in the C2DE group (53%) to very rarely or never run out of money before payday;
- Respondents who have a variable rate or tracker mortgage (20%) were more likely to say they always or frequently ran out of money when compared with those with a fixed rate (13%);
- Those who have an interest only repayment mortgage (20%) were more likely to say they always or frequently run out of money before payday when compared with those who do not have this type of mortgage (14%);
- Almost one quarter (23%) of those with someone in their household with a disability reported that they always or frequently ran out of money before payday, compared to 13% without a disability.

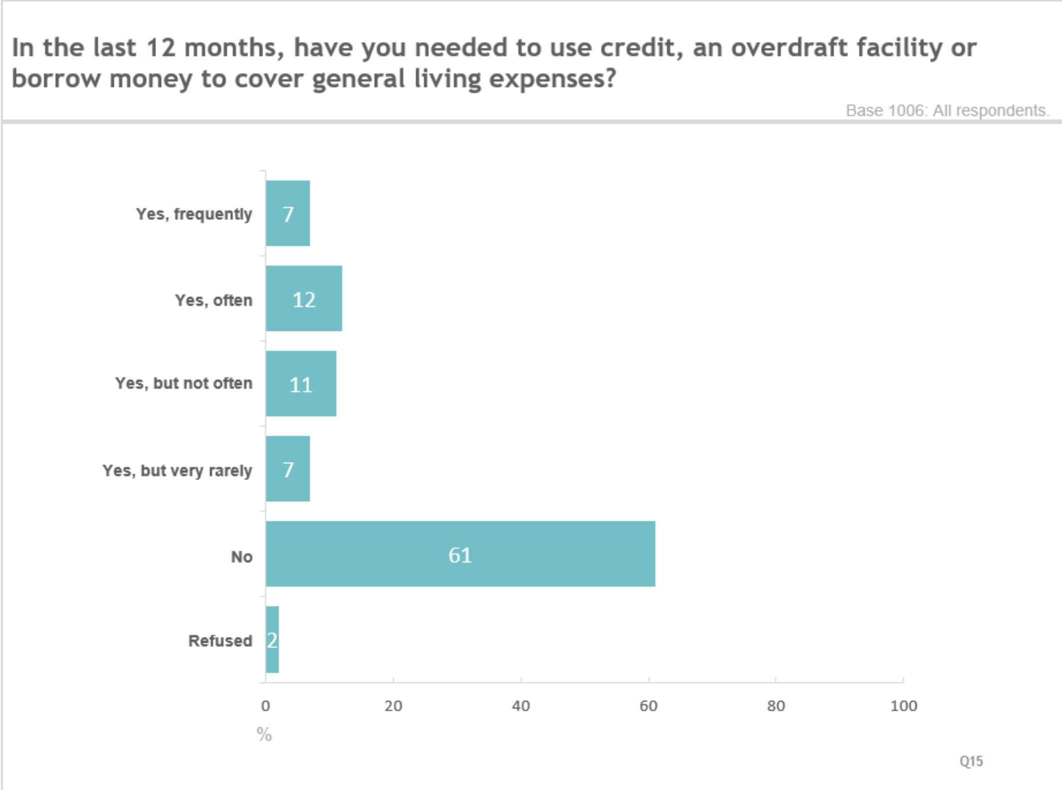
Table 6.2 Incidence of running out of money before payday by age, social grade, mortgage type, and disability

		Always/ frequently	Occasionally/ rarely	Very rarely/ never	Refused	*Total*
Overall	All *Base: 1006*	15%	20%	63%	2%	*100%*
Age	Under 35 *Base: 99*	9%	24%	66%	1%	*100%*
	35-44 *Base: 312*	12%	24%	63%	2%	*100%*
	45 plus *Base: 587*	18%	17%	63%	2%	*100%*
Social grade	ABC1 *Base: 690*	11%	20%	68%	1%	*100%*
	C2DE *Base: 284*	25%	21%	53%	1%	*100%*
Mortgage type	Fixed rate *Base: 681*	13%	19%	66%	1%	*100%*
	Variable rate *Base: 242*	20%	20%	57%	3%	*100%*
Interest only mortgage	Yes *Base: 188*	20%	21%	57%	1%	*100%*
	No *Base: 776*	14%	19%	65%	2%	*100%*
Disability	Yes *Base: 193*	23%	23%	53%	1%	*100%*
	No *Base: 791*	13%	20%	66%	1%	*100%*

Incidence of borrowing money

Three fifths (61%) of respondents reported that they have not needed to use credit, an overdraft facility or to borrow money to cover general living expenses in the last 12 months. Under one fifth (18%) have done this but only very rarely or not often, while 19% have done so often or frequently (see Figure 6.3).

Figure 6.3 Incidence of borrowing money



The following significant differences were observed (see Table 6.3):

- Those aged under 35 (25%) were less likely to have had to borrow money in the past year, compared to those aged 35 to 44 (41%) and those aged 45 plus (38%);
- Respondents in the C2DE group (43%) were more likely to have borrowed money than those in the ABC1 group (35%);
- Those who have a household member with a disability (50%) were more likely to have had to borrow money in the past year compared to those without a disability (34%).

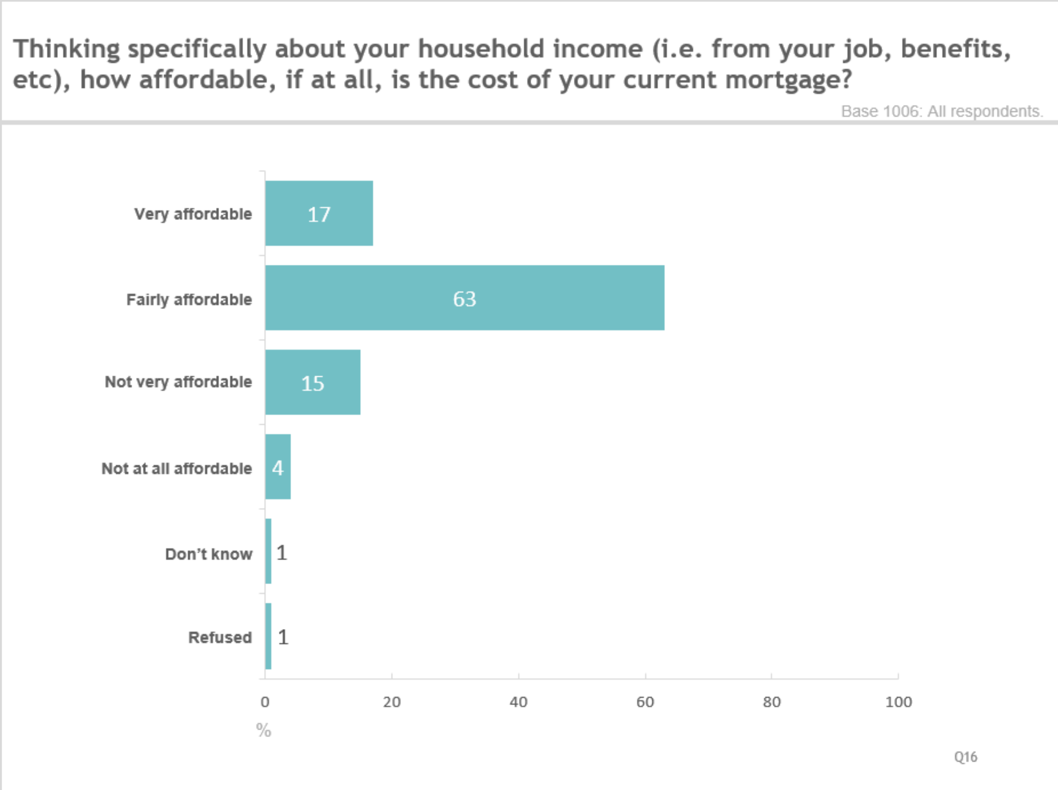
Table 6.3 Incidence of borrowing money by age, social grade, and disability

		Frequently	Often	Not often	Very rarely	No	Refused	*Total*
Overall	All *Base: 1006*	7%	12%	11%	7%	61%	2%	*100%*
Age	Under 35 *Base: 99*	1%	5%	7%	12%	74%	1%	*100%*
	35-44 *Base: 312*	8%	13%	13%	7%	58%	1%	*100%*
	45 plus *Base: 587*	8%	13%	11%	6%	60%	2%	*100%*
Social grade	ABC1 *Base: 690*	6%	11%	11%	7%	64%	1%	*100%*
	C2DE *Base: 284*	10%	14%	10%	9%	56%	1%	*100%*
Disability	Yes *Base: 193*	13%	17%	15%	6%	49%	1%	*100%*
	No *Base: 791*	6%	11%	10%	8%	65%	1%	*100%*

Affordability of mortgage

Four in five (79%[8]) respondents confirmed that their current mortgage was 'affordable' or 'very affordable', including 17% who thought it was very affordable. In contrast, 19% thought their mortgage was not affordable. Those who were on a variable rate mortgage (34%) were more likely to say their mortgage was not affordable when compared with those on a fixed rate mortgage (13%) (see Figure 6.4 and Table 6.4).

Figure 6.4 Affordability of mortgage



The following significant differences were observed between subgroups (see Table 6.4):

- Those respondents who were aged 35 to 44 (20%) and 45 and over (20%) were more likely to say their mortgage was not affordable than those aged under 35 (9%);
- 29% of those in the C2DE group thought their mortgage was not affordable, compared to 14% in the ABC1 group;
- Respondents who have an interest only mortgage (31%) were more likely than those without (15%) to say their current mortgage was not affordable;
- One quarter (25%) of respondents with a household member who has a disability said their mortgage was not affordable, compared to 17% without a disability.

[8] Please note when adding categories together, actual counts are used and therefore may differ by +/-1% from that displayed in charts

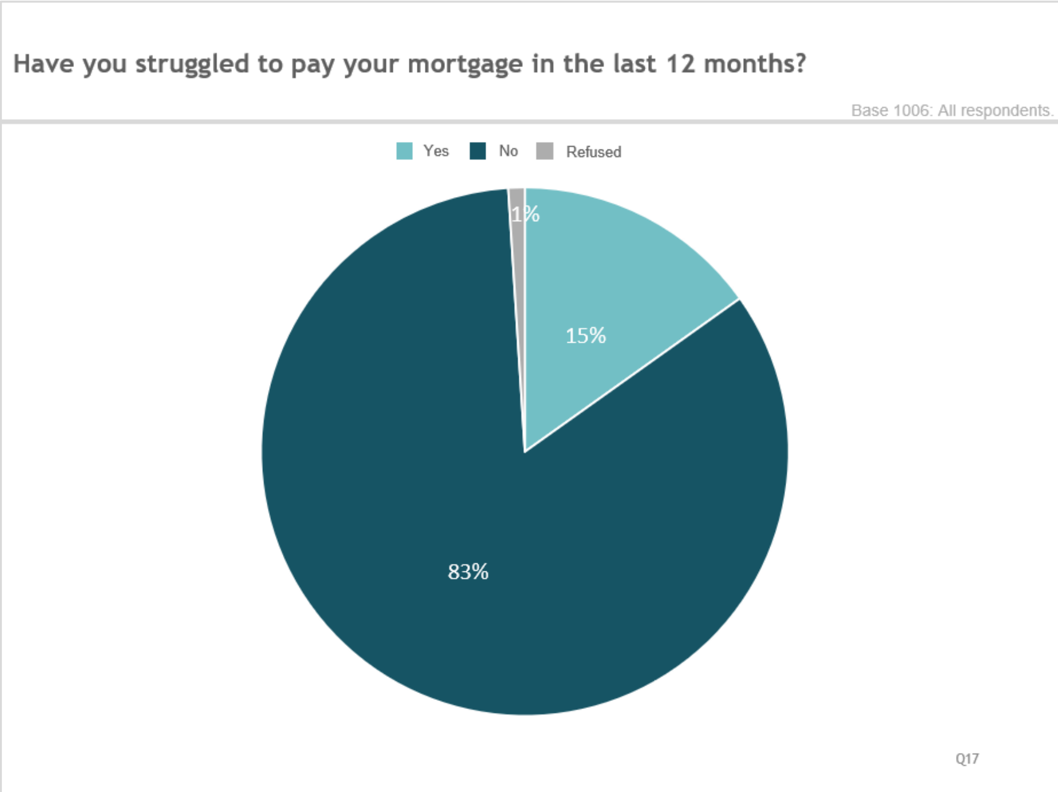
Table 6.4 Affordability of mortgage by age, social grade, mortgage type, and disability

		Affordable	Not affordable	Don't know	Refused	*Total*
Overall	All *Base: 1006*	79%	19%	1%	1%	*100%*
Age	Under 35 *Base: 99*	90%	9%	-	1%	*100%*
	35-44 *Base: 312*	78%	20%	1%	1%	*100%*
	45 plus *Base: 587*	78%	20%	1%	1%	*100%*
Social grade	ABC1 *Base: 690*	85%	14%	0%	0%	*100%*
	C2DE *Base: 284*	70%	29%	1%	0%	*100%*
Mortgage type	Fixed rate *Base: 681*	86%	13%	0%	1%	*100%*
	Variable rate *Base: 242*	64%	34%	1%	1%	*100%*
Interest only mortgage	Yes *Base: 188*	68%	31%	1%	1%	*100%*
	No *Base: 776*	83%	15%	0%	1%	*100%*
Disability	Yes *Base: 193*	73%	25%	1%	1%	*100%*
	No *Base: 791*	82%	17%	1%	0%	*100%*

Incidence of struggling to pay mortgage

15% of respondents said they had struggled to pay their mortgage in the past 12 months, with those on a variable rate mortgage (26%) more likely to report this than those with a fixed rate mortgage (11%) (see Figure 6.5 and Table 6.5).

Figure 6.5 Struggling to pay mortgage



Subgroup analysis also revealed the following significant differences (see Table 6.5):

- Those in the older age group (17% of those aged 45 or older) were more likely than those aged under 35 (8%) to say they have struggled to pay their mortgage;
- One quarter (26%) of respondents in the C2DE group indicated they had struggled to pay their mortgage in the past year, compared to 11% in the ABC1 group;
- Respondents living in rural areas (19%) were more likely than those in urban areas (13%) to say they have struggled to pay their mortgage;
- One quarter (25%) of respondents with an interest only repayment mortgage reported that they have struggled to pay their mortgage in the last 12 months, compared to 15% who do not have this type of mortgage; and
- Those who have a household member with a disability (24%) were more likely to state they have struggled to pay their mortgage compared to those without a disability (13%).

Table 6.5 Struggling to pay mortgage by age, social grade, mortgage type, location, and disability

		Yes	No	Refused	*Total*
Overall	All *Base: 1006*	15%	83%	1%	*100%*
Age	Under 35 *Base: 99*	8%	91%	1%	*100%*
	35-44 *Base: 312*	14%	85%	1%	*100%*
	45 plus *Base: 587*	17%	82%	2%	*100%*
Social grade	ABC1 *Base: 690*	11%	89%	1%	*100%*
	C2DE *Base: 284*	26%	74%	0%	*100%*
Mortgage type	Fixed rate *Base: 681*	11%	88%	1%	*100%*
	Variable rate *Base: 242*	26%	73%	1%	*100%*
Interest only mortgage	Yes *Base: 188*	25%	74%	1%	*100%*
	No *Base: 766*	13%	86%	1%	*100%*
Location	Urban *Base: 643*	13%	86%	2%	*100%*
	Rural *Base: 363*	19%	80%	1%	*100%*
Disability	Yes *Base: 193*	24%	74%	2%	*100%*
	No *Base: 791*	13%	87%	0%	*100%*

7. Case studies

As a follow-up to the quantitative survey, four case study interviews were conducted with a range of respondents who had indicated that they were struggling to meet their mortgage repayments. The aim of the case studies was to provide qualitative data to illustrate the key issues that these respondents were encountering in meeting their mortgage commitments.

Case study #1

Background information & mortgage journey

Ms. J. took out a variable rate mortgage by herself on her first home in 2003. She has never remortgaged her home and does not intend to. She has only five years left for repayment. When she first took out the mortgage, she was in full-time employment and was very satisfied with her monthly spending. In addition to being able to afford her bills and expenses, she was able to set money aside for savings and to go on holidays.

> *"During COVID I lost my job after 18 years… So, I was made redundant. Then things were sort of bad and I had to depend on family to sort of help me out with the bills and stuff. And the redundancy package the company gave me was totally ridiculous".*
> (Female, 45-65, urban)

Things changed during the pandemic when her longstanding position at work was made redundant. She now works in a school but does not have a contract yet and does not expect to get one for a few more years. As a result, she is paid less than she was in her previous role and is unpaid during the summer months. These circumstances and the increasing cost of expenses have left her concerned that she will not be able to manage in the long-term.

The impact of mortgage increases

Since 2003, her mortgage payments have increased by £160, with £50-£100 of that rising in the last twelve months, which has left her feeling insecure and frustrated. To supplement these rising costs, she has resorted to taking on additional work when it is available. However, this has left her with little free time and still not enough money for miscellaneous spending on holidays or socialising that she would have been able to do before the pandemic.

> *"Well, it's not good, actually, because you're taking on another job to pay more bills. It's not satisfying to know that you're paying all this money for food and electric and gas and mortgage. It doesn't really satisfy you going to work because you're not getting anything out of it. I think it's totally ridiculous at the minute, the way things are... I think it's very frustrating. It gets you down, you're just living one day at a time, hoping things are going to change, but obviously things are just getting worse".*
> (Female, 45-65, urban)

The increase in her mortgage payment, in addition to her job instability, has forced her to borrow money from family and cut down on spending. Having already made cuts to her grocery, electric and heating bills, she is still left having to borrow money to cover her monthly expenses. She stated that every month was a struggle as she feels perpetually behind on bills.

> *"I get paid monthly, so sometimes I'm borrowing money to maybe pay a bill and then come my payday, I'm paying that money back and then that's leaving me back to square one".*
> (Female, 45-65, urban)

Making her mortgage payments is a priority for her, along with her homeowner's insurance, car insurance and petrol to get to work and back. Food, electric and heating were also mentioned as priorities but did allow her some flexibility in being able to cut down on these expenses. Yet, she was also concerned by the rising costs for heating and how she will manage through the winter.

Availability of support

The participant claimed to have seen advertisements for mortgage support online but never investigated the schemes further, as she assumed there would be a fee for these services. She also was not confident that these schemes would be able to help her circumstances.

"Most of these people you speak to, there's always a fee or something. That's why it sort of puts me off dealing with a third party".
(Female, 45-65, urban)

Instead, she speaks directly to her mortgage broker when she's having trouble making a payment. However, she has found that her mortgage broker and car insurance company have been the least lenient when asking for additional time to make her payments.

Support that would be useful to her included more leniency for those that are struggling to pay their bills, either through establishing payment plans or a pause period to help people get back on their feet.

Case study #2

Background information & mortgage journey

Mr. P and his wife took out their second mortgage in 2007 with the intention of building a house on a bit of land that they had purchased for their family of four. They had steady work at the time but chose an interest only loan to help them while they were still paying off their first mortgage and building their new home.

"Yeah, we were working then. We had another company as well building houses, so we were doing all right at the time till the recession came, then the whole thing went downhill from there, so we never sort of got back on track again. So, we're stuck with interest only. Couldn't even get moved over, you know to even start paying it off".
(Male, 45-65, rural)

They had plans to remortgage but then the recession hit, and their work and income slowed. During that time any money left over after their bills went into building their new home. Today they are still on their original interest only mortgage and are struggling with the increasing costs for the mortgage, bills, food and fuel.

The impact of mortgage increases

In the last year, their mortgage payments have increased two and a half times what they had been previously paying. In addition, they are struggling with the increase in food prices and fuel prices as Mr. P and his wife both have vehicles that they need for work. He estimated that they had not been able to have a holiday in four or five years and have little to no money for socialising or eating out.

He explained that when they built the house they installed solar panels, which has helped keep their energy costs down. They have also been making cuts to their grocery expenses but are still finding it difficult to make their mortgage payments. Mr. P also explained that they work seven days a week but have still had to use their savings. He estimates that their savings might supplement them for three more months.

"We can't afford it. We're going to have to get in touch with a mortgage company and see what we can do. We'll probably have to end up selling, I would think [its] the only way to get out by the looks of it".
(Male, 45-65, rural)

Mr. P is not confident that they will be able to continue making their payments. While the mortgage payment is a priority for them, they are also considering selling the house to alleviate the strain on their finances. However, they are also concerned by the price of rent, which he anticipates is as much as a mortgage in some areas.

Availability of support

Mr. P was interested in receiving support but he did not know of any that he was eligible for at this time.

"You'd like to try and get some sort of help before you start missing payments and stuff".
(Male, 45-65, rural)

He wishes there was some support for those in a similar position to him, either through a pause period to help regain their savings or by lowering the interest rates.

Case study #3

Background information & mortgage journey

A couple months ago, Mr. N took out a two-year fixed rate mortgage to buy a home to live in with his wife and adult daughter. They sold their previous home over a year ago and rented during the transition period. While he was approved for a larger mortgage, he chose to not take out the full amount due to the rising interest rates. Mr. N and his wife are both in full time employment but are very conscious of the cost-of-living crisis and are trying to minimise their spending. Their decision is also backed by financial difficulties they experienced in their previous home, during a period when Mr. N's wife was sick, so he had to switch to an interest only mortgage.

"That put us in a hole that we had to try to get out of and it took a long time, so I've experienced that kind of hardship and I don't want to do it again".
(Male, 35-44, urban)

Mr. N finds the rising interest rates and cost-of-living crisis stressful, as he thought it would have eased by now. He is eager to avoid falling into financial difficulty again by making changes to minimise spending. However, he is still hopeful that when they renew their mortgage in two years the interest rates will have come down.

The impact of mortgage increases

While the mortgage is new, he feels an impact due to the cost-of-living crisis and is planning for increased energy costs this winter. Any sort of savings that they have at the end of the month is being put back into the mortgage and making their home as energy efficient as possible. He is trying to be responsible with his energy use and is cautious about how to make their home more efficient by installing energy efficient bulbs and turning appliances off when not in use. This has also been advanced through changing the windows and doors, in order to improve insulation. They are also topping up their gas now to alleviate the anticipated rise in the winter.

"The savings are going for, we're doing the house up and try to make the house as efficient as possible, […] what stores the heat as much as possible. We're paying ahead on the gas

and we're hoping that the gas prices are okay […]
And that's what I'm saying about changing the windows and changing the doors because it gives you a bit further insulation".
(Male, 35-44, urban)

Mr N feels confident that he will be able to continue to make his payments while he and his wife are in full-time employment. However, if their circumstances were to change or if the cost-of-living crisis continued to get worse, he anticipates their household would cut down from three vehicles to one, in order to save money and be able to maintain their other bill payments.

"We're not on the bread line...but it wouldn't take much to push that over. So, you just need to be careful".
(Male, 35-44, urban)

Availability of support

He is not aware of any support or advice services for those financially struggling with their mortgages beyond contacting the bank. However, he did wish that there was some protection offered for missed payments that would not have an adverse effect on credit scores.

"I don't want to see people punished because people missed a payment. They get dark in their credit score, so everything mounts against them. Once you go down that rabbit hole, it's very difficult to get out of it and that's where my issue is with it".
(Male, 35-44, urban)

He believes the banks should have an ethical and social responsibility to provide long term solutions that can help those struggling financially and not punish them.

Case study #4

Background information & mortgage journey

Mrs. B and her husband have changed mortgage types several times over the years on their first home. They first began on a fixed rate mortgage, then switched to an endowment mortgage but when they discovered it would not cover the full amount, they switched again to an offset mortgage. They have only one year left before paying-off the full 25-year mortgage. However, the offset mortgage allowed for their overdraft to rise as their mortgage dropped, which they have used over the years due to both Mrs. B and her husband being out of work because of disability. Now, in order to pay off their mortgage in full, their overdraft also has to be clear, which is providing the main concern for their financial difficulties.

"The reason we went for that type of mortgage… probably because I wasn't working, and it left us in a situation where if we did run low on money, we had that cushion there to support us. We obviously just used it too much".
(Female, 44-65, rural)

Initially they were both working and their family of four was able to live comfortably and still put money aside for savings. They still managed alright when Mrs. B had to leave work by switching to the offset mortgage. But when her husband also had to leave work for medical reasons, their savings eventually ran out and they have nothing left.

The impact of mortgage increases

Over the last year, she estimates that their mortgage has increased £50-£80 per month. To supplement these rising costs, they have cut down on their grocery bills and stopped spending money on the home for repairs and decorating. Mrs. B has found these cuts to their home budget particularly frustrating as this is where she spends most of her time and takes pride in fixing it up. They have also tried to cut down on their energy bills by minimising their laundry to twice a week and have switched their cell phone plans to sim-only.

“It's concerning because [my husband] and I are just in receipt of sickness benefits. So, two weeks of my sickness benefit is what goes to pay the mortgage and then you have your life insurance, after that you have your house insurance, you have the car insurance. By the time they are all paid out, there is, I mean pennies at the end of the month. So, we're not really in a situation where we are able to put money off the overdraft. So that's concerning me more than anything”.

(Female, 44-65, rural)

The increase in their mortgage payments and other bills, with the added pressure of paying off their overdraft has made them reliant on their two daughters for monthly financial support. If the cost-of-living crisis continues to get worse, Mrs. B is not sure what else they can do. Given her medical condition, they cannot make cuts to their heating bills, as she needs temperature moderation to be well. Similarly, it is difficult to cut down on the electric since her and her husband are both home everyday. They also both rely on their vehicles for a sense of freedom, but she suspects this would be the only significant change they could make in order to afford their payments.

Availability of support

Mrs. B was aware of several different avenues of support for those in financial difficulty but she is either already collecting it, does not qualify for it or assumes they will not qualify. She and her husband are both on PIP allowance due to their health and received support for low-income families coming out of Covid. However, each of these payments have been put towards reducing their overdraft. When her husband came out of work, they had enquired about rates rebates but were told that they were not eligible. She suspects that their best option will be to speak to their bank about the overdraft to see what can be done.

“It's a conversation I probably will have to have with the bank over the next few months to see if we can make some sort of an arrangement with them; that we will be able to pay off what we can afford similar to what we've been paying on our mortgage. If we let that continue to run on and share in some form of a loan, I don't know how it's going to happen, but I'm going to have to find some way of making it happen”.

(Female, 44-65, rural)

She wishes that there was a way for people to find information easily to be more informed on what types of support exist and how they can find out if they are entitled to them or not. For instance, she has heard of people receiving government grants to fix up their homes but she does not know where to go to learn about these and also suspects they would not receive a full grant or would not qualify at all.

“I don't feel like I would be informed enough to know, you're entitled to this, you're entitled to that. And I don't even know where to go to look first, you know”.

(Female, 44-65, rural)

Appendix A

Social Grading

A	These are professional people or are very senior managers in business or commerce or top-level civil servants. Retired people, previously grade A, and their widows.
B	Middle management executives in large organisations, with appropriate qualifications. Principle officers in local government and civil service. Top management or owners of small businesses concerns, educational and service establishments. Retired people, previously grade B, and their widows.
C1	Junior management, owners of small establishments, and all others in non-manual positions. Jobs in this group have very varied responsibilities and educational requirements. Retired people, previously grade C1,
C2	All skilled manual workers, and those manual workers with responsibility for other people. Retired people, previously grade C2, with pensions from their job. Widows, if receiving pensions from their late husband's job.
D	All semi skilled and unskilled manual workers, apprentices and trainees to skilled workers. Retired people, previously grade D, with pensions from their job. Widows, if receiving a pension from their late husband's job.
E	All those entirely dependent on the state long term, through sickness, unemployment, old age or other reasons. Those unemployed for a period exceeding 6 months (otherwise classify on previous occupation). Causal workers and those without a regular income Only households without a Chief Income Earner are coded in this group.