



## PRESS RELEASE - INTEREST RATE INCREASE

3 February 2022

Today's announcement of yet another increase to the base rate of interest from the Bank Of England only a month after the previous rate rise will have a significant impact on the lives of UK Mortgage Prisoners and those currently stuck paying the Standard Variable Rate (SVR) on their mortgages. The last increase was passed on immediately by the majority of mortgage administrators resulting in increased monthly mortgage payments.

The Treasury and the Minister John Glen fail to understand the detriment their continued lack of intervention is causing the most vulnerable group of homeowners. Mortgage Prisoners and those stuck on SVRs already pay extortionate interest rates, between almost 5% to 9%, and have done so for the last decade while the mainstream mortgage market have benefited from stable, historically low-rate mortgages. Now we expect the interest rates to be pushed even higher with this announcement.

This group of homeowners are effectively standing on the edge of a cliff holding their breath with each announcement in the futile hope that their interest rates will not rise anymore.

It is shameful and we are deeply concerned by the increasing levels of distress and poverty we see daily within the group as we continue to be the **collateral damage of the global financial crisis almost 15 years ago**. Indeed support for the most vulnerable of these who may be on benefits has been stripped back and the current SMI loan is wholly inadequate and needs to be reviewed. 'Breathing Space' does little to relieve pressure on elderly, ill and disabled at threat of repossession.

As a group UK Mortgage Prisoners have been campaigning for over 3 years and, despite many independent reports and suggestions made to Government, not one effective solution has been taken forward to help all these struggling mortgage holders. Instead John Glen actively opposed the introduction of a cap on the SVRs these mortgage administrators can charge.

Significantly it was this Government that sold the mortgage books of banks that collapsed during the global financial crisis in 2008 to non-active mortgage administration companies without adequate consumer protections. However in 2016 the same Government responded to concerns raised by the Treasury Select Committee (TSC) over the potential detriment to borrowers as a result of this very situation, rising interest rates, by stating:

*"To be clear, if the FCA considers that the new owner of any of these mortgages is varying its SVR in a way that is unfair to any of its customers, then it has the necessary powers to act to ensure that customers are properly protected – just as it has on any other UK regulated mortgage."*<sup>1</sup>

### **The Treasury and the FCA must act.**

We reiterate that Harriett Baldwin's letter to TSC in 2016 states that, contrary to John Glen's contention otherwise, the FCA has the necessary powers to act and thus can intervene in the market with any regulated firm treating their customers unfairly. We would also remind John Glen that we do not sit in the mortgage market like other homeowners, we sit in the worst place possible, a NO MAN'S LAND, without any help or acknowledgment of the true extent of harm we suffer at the hands of this Government.

As is a theme of this present Government, John Glen hides behind reviews and reports, using them to obfuscate data, presenting lower numbers of families being harmed and sidestepping his responsibility to find a solution for those he trapped on the highest interest rates.

We call on the Government and the FCA to stop our mortgage SVRs rising any further. It is unfair, unethical and causing direct harm to many and in our view completely fails on the assurances offered in 2016.

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<sup>1</sup> <https://www.parliament.uk/globalassets/documents/commons-committees/treasury/correspondence/harriet-baldwin-to-andrew-tyrie-mp-15-01-16.pdf>