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Statistical release

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Mortgage Lenders and Administrators Statistics for 2014 Q3
(derived from the Mortgage Lenders & Administrators Return (MLAR))

Residential loan amounts outstanding

The overall value of the residential loan amounts outstanding in Q3 2014 was £1,255.6 billion, an increase of 0.5% compared with Q2 2014 and an increase of 1.8% over the past four quarters.

Amounts outstanding on regulated loans were £992.2 billion, constituting 79% of the total in Q3 2014. This proportion has remained constant since Q4 2013. Non-regulated loans decreased in Q3 2014 by 0.1% to £263.4 billion.

The value of securitised amounts outstanding declined further – by 5.8% in Q3 2014 – to £94.1 billion. Unsecuritised amounts outstanding continued to increase, by 1.1% to £1,161.6 billion in Q3 2014. Thus, the proportion of total amounts outstanding of securitised balances decreased for the eighth consecutive quarter to 7.5%, the lowest level since the series began in 2007.

Table A: Securitised and unsecuritised residential loan balances
Regulated and non-regulated mortgages
£ billions
Not seasonally adjusted

	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
Regulated:							
Unsecuritised	841.5	860.8	886.2	897.8	905.9	913.7	925.2
Securitised	90.5	92.1	80.3	78.3	72.6	71.8	67.0
Subtotal	**932.0**	**952.9**	**966.5**	**976.1**	**978.5**	**985.5**	**992.2**
Non regulated:							
Unsecuritised	252.1	241.7	236.5	234.1	235.7	235.7	236.4
Securitised	33.5	32.7	30.8	28.1	28.7	28.0	27.0
Subtotal	**285.6**	**274.4**	**267.4**	**262.2**	**264.4**	**263.8**	**263.4**
Total: (Regulated + Non regulated):							
Unsecuritised	1,093.6	1,102.5	1,122.7	1,131.9	1,141.7	1,149.5	1,161.6
Securitised	124.0	124.8	111.1	106.4	101.3	99.8	94.1
Total	**1,217.6**	**1,227.3**	**1,233.8**	**1,238.3**	**1,243.0**	**1,249.3**	**1,255.6**

New business volumes

Gross advances of £55.9 billion were recorded in Q3 2014. This was 13% higher compared with Q3 2013 and was the highest amount advanced in the third quarter of a year since Q3 2008.

Net advances increased from £7.2 billion in Q3 2013 to £11.0 billion in Q3 2014. This is the highest of any quarter since Q3 2008.

New commitments increased slightly from £53.4 billion in Q2 2014 to £53.6 billion in Q3 2014. This was also an increase of 6.2% compared with Q3 2013.

Next release – 10 March 2015. Release available online at www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx and www.fca.org.uk/firms/systems-reporting/mortgage-lending-stats.

Table B: Residential loans to individuals flows and balances
Regulated and non-regulated mortgages
£ billions
Not seasonally adjusted

	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
Business flows							
Gross advances	43.6	39.6	49.5	51.5	47.1	51.5	55.9
Net advances	7.0	5.6	7.2	9.0	7.0	8.9	11.0
New commitments	41.8	35.9	50.5	50.3	48.9	53.4	53.6
Balances outstanding							
Loans (exc overdrafts)	1,093.6	1,102.5	1,122.7	1,131.9	1,141.7	1,149.5	1,161.6
Commitments	70.1	67.4	69.2	71.1	73.1	75.7	74.2

Chart 1: Gross Advances and New Commitments

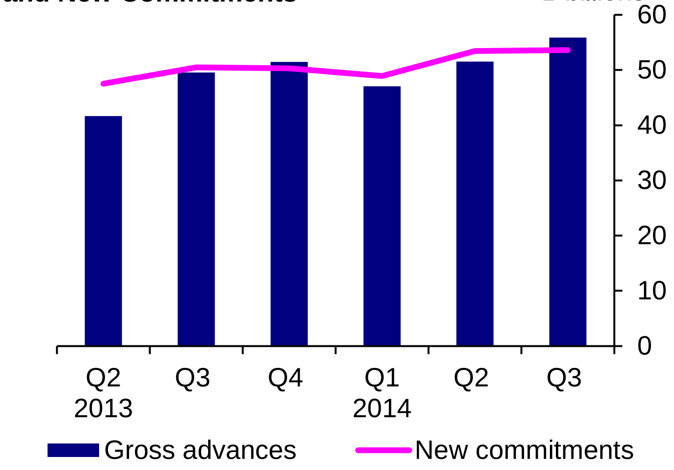
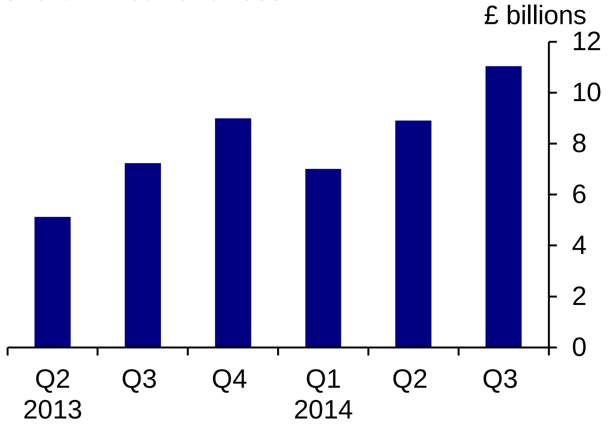


Chart 2: Net Advances



Lending characteristics of gross advances

Interest rate trends on residential lending

The proportion of gross advances at fixed rates increased for the eighth consecutive quarter to 82.6% in Q3 2014, the highest proportion since the series began in 2007. The proportion of balances outstanding on fixed rate loans has increased by 2.2 percentage points since Q2 2014 to 39.3%.

The overall average interest rate on gross advances increased by 5bps in Q3 2014 to 3.31%. This is 7bps higher than the series lowest interest rate of 3.24% in Q1 2014. The overall increase was the result of an increase in fixed rates loan average rates by 8bps to 3.43%, partially offset by the decrease in variable rate loan average rates by 4bps to 2.79%, given the substantial majority of gross advances were at fixed rates.

The overall average interest rate on total amounts outstanding decreased by 2bps to 3.28% in Q3 2014, the lowest since the series began in 2007. This was due to the decrease in the average interest rate for fixed rate balances of 9bps to 3.54% and to the decrease in the average interest rate on variable rate balances of 1bp to 3.10%.

Table C: Interest rates
Regulated and non-regulated mortgages
Per cent
Not seasonally adjusted

	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
Interest rate basis							
Percent of business at fixed rates							
Gross advances	51.7	56.0	77.3	80.3	81.0	82.0	82.6
Balances outstanding	28.6	27.5	30.7	32.9	35.2	37.1	39.3
Weighted average interest rates							
Gross advances							
Fixed rate loans	4.24	4.33	3.40	3.30	3.32	3.35	3.43
Variable rate loans	2.90	3.32	3.07	2.99	2.93	2.83	2.79
All loans	**3.59**	**3.89**	**3.32**	**3.25**	**3.24**	**3.26**	**3.31**
Balances outstanding							
Fixed rate loans	4.96	4.59	4.03	3.85	3.74	3.63	3.54
Variable rate loans	2.87	3.01	3.12	3.12	3.12	3.11	3.10
All loans	**3.47**	**3.45**	**3.40**	**3.36**	**3.34**	**3.30**	**3.28**

Chart 3: Percentage of business above Bank Rate - Gross Advances

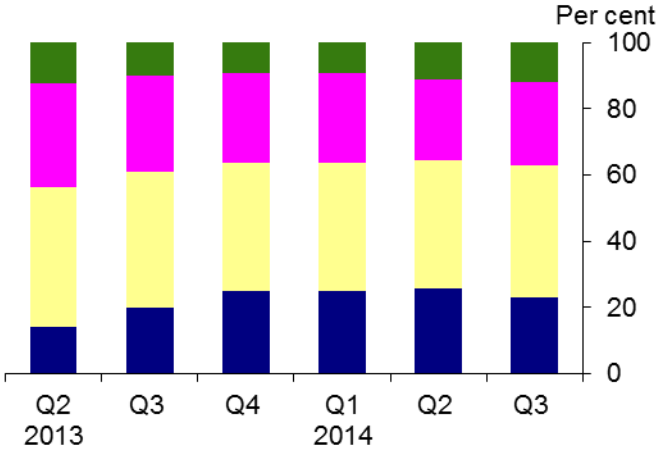
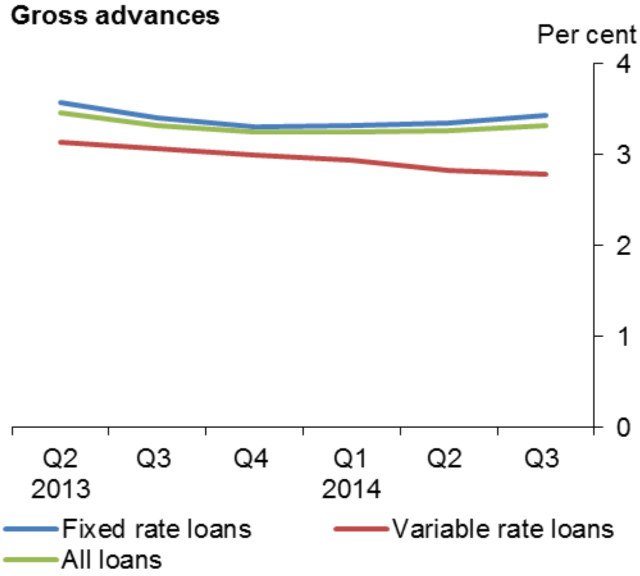


Chart 4: Weighted average interest rates - Gross advances



Breakdown by purpose of new lending (proportions of total residential loans to individuals)

The proportion of lending for house purchase in Q3 2014 was 71.8%, approximately 1.7 percentage points higher than in Q2 2014. The amount of gross advances for house purchase was 20% higher compared with Q3 2013 at £40.1 billion.

The proportion of lending to first time buyers decreased by 0.4 percentage points to 21.7% in Q3 2014 after reaching the series peak in Q2 2014. The value of residential loans advanced to first time buyers increased over the quarter to £12.1 billion, the highest quarterly amount since Q3 2007.

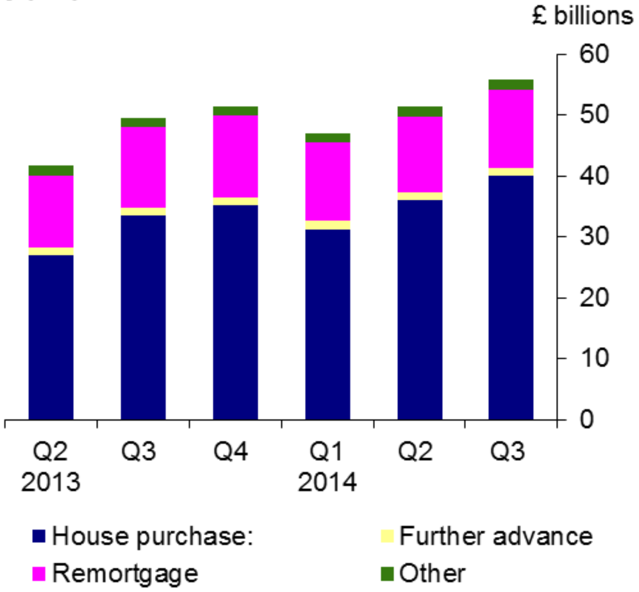
The buy to let (BTL) proportion of lending increased from 13.6% in Q2 2014 to 14.3% in Q3 2014. There was also an increase in value terms over the past year – from £5.9 billion advanced in Q3 2013 to £8.0 billion in Q3 2014 (which was the highest quarterly amount since Q2 2008).

The proportion of other new lending (including lifetime and equity release mortgages) decreased from 3.4% in Q2 2014 to 3.0% in Q3 2014.

Table D: Residential loans to individuals by purpose of loan
Regulated and non-regulated mortgages
Not seasonally adjusted

By purpose of loan:	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
Advances							
Per cent							
House purchase:	60.5	66.2	67.6	68.2	66.4	70.1	71.8
Owner occupation:							
FTBs	15.8	18.2	20.0	20.6	20.1	22.1	21.7
Other	36.0	37.6	35.7	34.9	31.9	34.4	35.7
Buy to let	8.7	10.4	11.9	12.8	14.4	13.6	14.3
Further advance	3.6	3.2	2.7	2.5	2.9	2.5	2.2
Remortgage	32.8	27.2	26.5	26.5	27.4	24.1	23.0
Other	3.2	3.4	3.2	2.7	3.3	3.4	3.0
Amount (£ billions)							
House purchase:	26.3	26.2	33.5	35.1	31.3	36.1	40.1
Owner occupation:							
FTBs	6.9	7.2	9.9	10.6	9.4	11.4	12.1
Other	15.7	14.9	17.7	17.9	15.0	17.7	20.0
Buy to let	3.8	4.1	5.9	6.6	6.8	7.0	8.0
Further advance	1.5	1.2	1.3	1.3	1.4	1.3	1.2
Remortgage	14.3	10.8	13.2	13.6	12.9	12.4	12.9
Other	1.4	1.4	1.6	1.4	1.6	1.7	1.7
Total	**43.6**	**39.6**	**49.5**	**51.5**	**47.1**	**51.5**	**55.9**

Chart 5: Breakdown of gross advances by purpose of loan



The proportion of new commitments for house purchase decreased from 70.4% in Q2 2014 to 69.9% in Q3 2014. This was the first decrease since Q3 2013. The value of new commitments for house purchase increased by 14% over the past year, from £32.8 billion in Q3 2013 to £37.5 billion in Q3 2014.

New commitments for re-mortgaging as a proportion of total commitments increased by 0.7 percentage points over the quarter to 25.6% in Q3 2014. In value terms, there was a decrease of 9.7% from £15.2 billion in Q3 2013 to £13.7 billion in Q3 2014.

Table E: New commitments by purpose of loan
Regulated and non-regulated mortgages
Not seasonally adjusted

By purpose of loan:	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
New commitments in quarter							
Per cent							
House purchase	59.7	65.5	64.9	66.1	66.1	70.4	69.9
Remortgage	32.4	29.2	30.1	29.1	28.7	24.9	25.6
Other (inc further advances)	7.9	5.4	5.0	4.8	5.2	4.7	4.5
Amount (£ billions)							
House purchase	25.0	23.5	32.8	33.2	32.3	37.6	37.5
Remortgage	13.5	10.5	15.2	14.6	14.0	13.3	13.7
Other (inc further advances)	3.3	1.9	2.5	2.4	2.5	2.5	2.4
Total	**41.8**	**35.9**	**50.5**	**50.3**	**48.9**	**53.4**	**53.6**

Lending criteria

The proportion of gross advances at a loan to valuation (LTV) of over 90% decreased by 0.3 percentage points over the quarter to 4.3% in Q3 2014. The proportion of gross advances to borrowers with a single income multiple of more than 4.00x decreased by 1.1 percentage points to 10.8% in Q3 2014, after having increased for five quarters in succession. The proportion of gross advances to borrowers with joint income multiple of more than 3.00x decreased slightly by 0.2 percentage points since Q2 2014 to 28.6%.

The proportion of gross advances that is a combination of an LTV over 90% and loan-to-income multiple of over 3.5x for single income borrowers (or 2.75x for joint income borrowers) decreased over the quarter by 0.3 percentage points to 3.1%, having increased for the previous three successive quarters.

Table F: Gross advances by income multiple and loan to value (LTV) ratios
Regulated and non-regulated mortgages
Percent of gross advances
Not seasonally adjusted

	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
Single income multiple:							
Less than 2.50	10.5	10.5	9.3	9.2	8.9	8.6	9.0
2.50 < 3.00	5.1	5.0	4.3	4.4	4.2	4.0	4.1
3.00 < 4.00	11.8	11.6	10.5	11.1	10.7	10.3	10.2
4.00 or over	9.9	10.4	10.5	11.6	11.6	11.9	10.8
Other	10.0	11.7	12.1	12.3	14.0	13.2	13.4
Total on Single income	**47.3**	**49.2**	**46.7**	**48.6**	**49.5**	**48.1**	**47.5**
Joint income multiple:							
Less than 2.00	10.3	9.9	8.8	8.0	7.9	7.5	7.7
2.00 < 2.50	7.8	7.4	7.7	7.2	6.9	6.5	7.0
2.50 < 3.00	9.5	9.5	8.5	8.2	7.8	7.8	8.0
3.00 or over	24.0	23.0	27.2	27.0	26.8	28.8	28.6
Other	1.2	1.0	1.1	1.1	1.1	1.3	1.2
Total on Joint income	**52.7**	**50.8**	**53.3**	**51.4**	**50.5**	**51.9**	**52.5**
LTV							
< = 75%	69.6	68.1	65.1	64.6	64.7	64.5	64.1
Over 75 < = 90%	28.7	29.6	32.7	33.3	31.6	30.9	31.5
Over 90 < = 95%	1.4	1.9	1.7	1.7	3.1	4.2	4.0
Over 95%	0.4	0.4	0.5	0.4	0.5	0.4	0.3
LTV (Over 90%) and Loan-to-income multiple > 3.5/2.75*	0.9	1.4	1.3	1.5	2.6	3.4	3.1

* Single income: 3.50 x or more; joint income 2.75 x or more

Arrears and possessions

The number of new arrears cases in Q3 2014 was 24,146. This was 2.5% lower than in Q2 2014 and was the lowest since the series began in 2007.

The amount of new arrears also experienced a 3.7% decline over the past quarter and stood at £44 million. This is a drop of 20% compared with Q3 2013.

The total number of loan accounts with reportable arrears continued to decrease - from 240,464 in Q2 2014 to 230,192 in Q3 2014, a reduction of 4.3% and the lowest since the series began in 2007. The balances in arrears as a percentage of total loan balances also decreased for the eighth quarter in succession to 1.73%, the lowest since the series began in 2007.

The performance of loans in arrears – payments received as a percentage of payments due – decreased slightly and for the first time since Q2 2012 to 63.13% in Q3 2014.

Table G: Arrears
Regulated and non-regulated mortgages
Not seasonally adjusted

Loans in Arrears	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
New cases in the quarter							
(ie moving into 1.5 < 2.5% band)							
Number of loan accounts	34,865	35,923	30,086	29,208	27,761	24,770	24,146
Amount of arrears (£ millions)	66	68	56	55	52	46	44
Balance outstanding (£ millions)	3,587	3,653	3,018	2,975	2,804	2,490	2,394
Arrears cases at end of quarter							
Number of loan accounts	324,275	303,163	279,648	264,831	255,531	240,464	230,192
Amount of arrears (£ millions)	1,966	1,781	1,695	1,629	1,591	1,563	1,458
Balance outstanding (£ millions)	33,079	30,140	27,138	25,966	24,803	23,221	21,720
Balances as % of total loan balances (per cent)	2.72	2.46	2.20	2.10	2.00	1.86	1.73
Performance of arrears cases in Qtr (per cent)	57.81	56.62	61.40	61.87	62.53	63.15	63.13
Arrears cases by severity							
Balances on cases in arrears as							
per cent of total loan balances							
1.5 < 2.5% in arrears	0.79	0.76	0.68	0.65	0.62	0.58	0.54
2.5 < 5.0% in arrears	0.89	0.80	0.73	0.69	0.65	0.60	0.56
5 % or more in arrears	0.84	0.71	0.67	0.64	0.61	0.57	0.53
In possession	0.19	0.18	0.13	0.11	0.11	0.11	0.10
Total	**2.72**	**2.46**	**2.20**	**2.10**	**2.00**	**1.86**	**1.73**
Number of cases in arrears as							
per cent of total number of loans							
1.5 < 2.5% in arrears	0.58	0.57	0.55	0.53	0.52	0.49	0.47
2.5 < 5.0% in arrears	0.65	0.62	0.61	0.58	0.56	0.53	0.50
5 % or more in arrears	0.82	0.73	0.74	0.71	0.70	0.66	0.64
In possession	0.11	0.10	0.08	0.07	0.07	0.07	0.07
Total	**2.15**	**2.01**	**1.98**	**1.90**	**1.85**	**1.76**	**1.69**

New possession cases totalled 5,157 in Q3 2014 – a reduction of 10% from Q2 2014. Sales of possession cases were down 5.9% from 6,183 in Q2 2014 to 5,821 in Q3 2014.

As possession sales outstripped new possessions, the stock of possession cases remaining unsold decreased from 9,710 in Q2 2014 to 9,053 in Q3 2014, the lowest since the series began in 2007.

A total of £27 million of arrears on 7,024 accounts were capitalised in Q3 2014, broadly unchanged from Q2 2014.

Table H: Possessions
Regulated and non-regulated mortgages
Not seasonally adjusted

Possession cases: movements & stocks	2011 Q3	2012 Q3	2013 Q3	Q4	2014 Q1	Q2	Q3
New possessions	9,674	8,521	7,349	6,137	6,687	5,728	5,157
Possession sales	9,504	8,687	7,973	7,626	6,650	6,183	5,821
Stocks of possessions at end quarter	16,182	14,889	11,326	9,962	10,154	9,710	9,053
Capitalisations of arrears cases							
Number in quarter	10,822	7,644	8,013	8,190	7,317	6,907	7,024
Arrears capitalised in quarter (£ millions)	38	27	29	32	29	27	27
Balance outstanding at end quarter (£ millions)	1,236	813	868	909	813	763	797

Chart 6: Balance on cases in arrears as % total loan balances

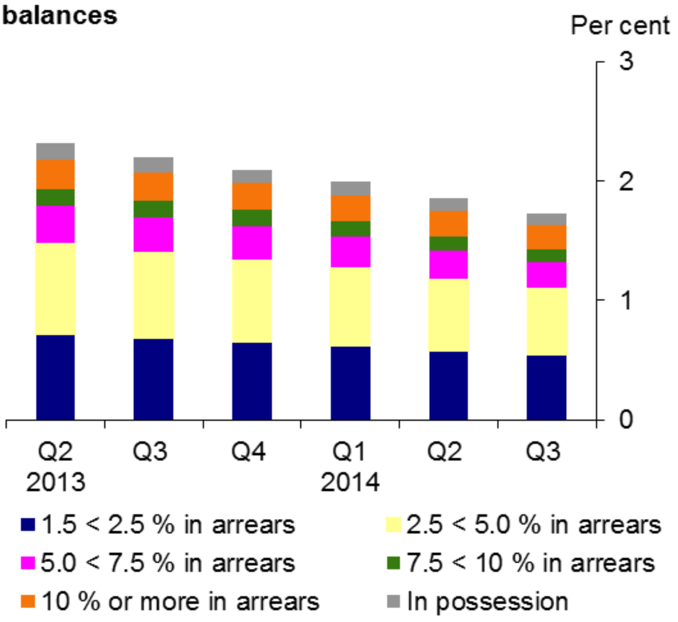
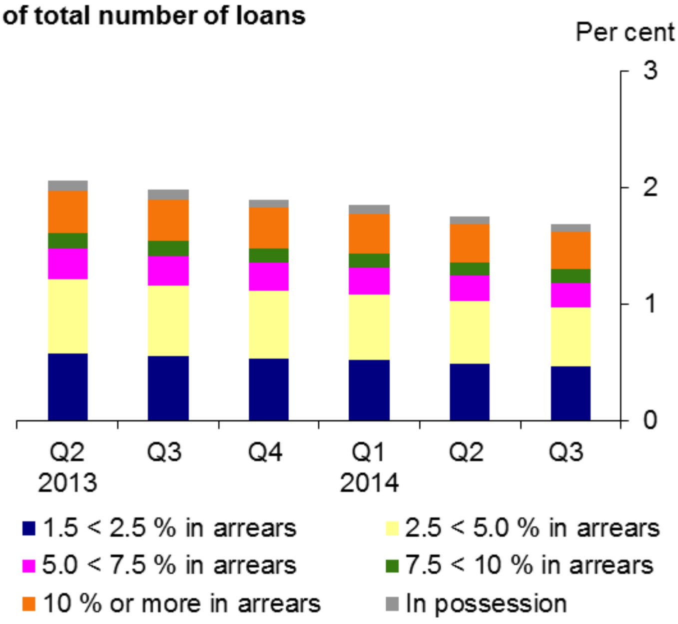


Chart 7: Number of cases in arrears as a proportion of total number of loans



About these data:

As noted in the March 2013 article, with effect from June 2013, this Bank of England and FCA Statistical Release on Mortgage Lenders and Administrators Statistics replaced the Statistics on Mortgage Lending release previously published by the FSA. There is some overlap in the data covered in this release and with the Bank of England releases on Money and Credit and on Effective Interest Rates, and also with statistics published by the Council of Mortgage Lenders. It should be appreciated that differences in reporting populations, definitions and seasonal adjustment will affect any direct comparisons of data series reported across these releases. For a comparison of the Bank of England's published statistical and regulatory data collections, please refer to the December 2014 article.

Due to revisions to the data by reporters, previous figures may be restated from quarter to quarter.

Further information can be found in the MLAR explanatory notes, available at http://www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/mlar.aspx.

If you have any queries with regards to these data please contact either the Bank/PRA (email MLAR@bankofengland.co.uk or call 020 7601 5478) or FCA (email mlarstatistics@fca.org.uk) as required.

Technical notes

General

1 Around 300 regulated mortgage lenders and administrators are required to submit a Mortgage Lenders & Administrators Return (MLAR) each quarter, providing data on their mortgage lending activities and covering both regulated and non-regulated residential lending. Following the creation of the Bank of England Prudential Regulation Authority (PRA) and of the Financial Conduct Authority (FCA) on 1 April 2013, these mortgage lending statistics are compiled and published jointly by the two regulators.

2 Please note that tables in this release are summaries of more detailed data tables available at http://www.bankofengland.co.uk/pra/Pages/regulatorydata/mlar/2014/sep.aspx. The linkages between these information sets in each case are:

Release Table	Underpinning Data
A	Table 1.11
B	Table 1.21
C	Table 1.22
D	Table 1.33
E	Table 1.33
F	Table 1.31
G	Table 1.7
H	Table 1.7

Regulated and non-regulated loans

3 A regulated loan is a loan to an individual, secured by a first charge on residential property, and where the property is for the use of the borrower or a close relative.

4 A non-regulated loan for MLAR purposes is all other mortgage lending to individuals that is not regulated. It includes buy-to-let lending, second charge lending and, in some cases, further advances on loans that were originally taken out before regulation came into effect on 31 October 2004.

5 All mortgage loans extended before 31 October 2004 are classified as non-regulated. This means that there will be a gradual shift over time in numbers and amounts outstanding from the non-regulated to regulated mortgage lending categories, as older mortgages are paid off or are subject to re-mortgaging. Flows of non-regulated mortgage lending have been modest compared with regulated mortgage lending since that date.

Securitisations

6 Some lenders parcel up loans into a special purpose vehicle (SPV), and create Loan Notes secured on the parcel of loans ("securitisation"). They sell the Notes to third party investors; thereby raising funding that broadly matches the loans, with the risks attached to the loans passing from the lender to the Note holders.

7 Additional guidance has been given on the classification of securitised loans where that security has subsequently been used as collateral for Bank of England liquidity schemes, such as the Special Liquidity Scheme. For more details, see http://www.fca.org.uk/firms/systems-reporting/gabriel/help/mla. In such circumstances the risks attaching to the performance of the underlying pool of loans remains with the lender and no risk transfer has taken place to the Bank of England; these loans should therefore be reported on the MLAR as un-securitised loans. Due to this, there has been some reclassification between the securitised and un-securitised portfolios. This affects the series in tables 1.4 and 1.6 in particular.

New business volumes

8 Data are collected on three prime measures for the unsecuritised loan book:

- Gross advances: the amount of new loans to borrowers.

- Net advances: the amount of gross advances less borrower repayments (including normal periodic repayments on capital repayment loans; repayment of existing loans at time of re-mortgage or house move etc.).

- New commitments: the amount of new lending that a lender has agreed to advance in coming months to house movers, re-mortgagers, first time buyers, and those seeking a further advance.

Lending criteria

9 The two main measures within the dataset of lending criteria are loan to value (LTV, the loan as a percentage of the value of the property) and income multiple (the loan advance as a multiple of income, defined as the borrower's main income, pre-tax). Income multiple calculations are reported separately for single income and for joint income loan applications.

10 Another characteristic of new lending is information about whether a borrower had an impaired credit history at the time of the new loan application. The MLAR definition of an impaired credit history includes borrowers with any of the following: arrears of three months or more on a previous loan in the last two years; county court judgment (CCJ) over £500 in the last three years; or being subject to a bankruptcy order or IVA at any time in the last three years.

Interest rate analysis

11 MLAR classifies mortgage lending by fixed or variable rate basis, and collects data on average interest rate margins defined as the margin of the interest rate over the Bank of England Bank Rate (BBR). Fixed rate includes all products subject to a fixed interest rate for a stated period or subject to a cap or collar arrangement, but not variable rate products subject to annual review payment arrangements. Variable interest rates cover all other interest bases, including those at a premium or discount to an administered rate.

12 Weighted average interest rates are calculated by weighting the relevant nominal interest rates applying over the quarter by amounts outstanding at the previous reporting date, by individual products.

Arrears and possessions

13 Arrears are defined as instances when any contractual payments, of capital, interest fees or other charges, are overdue at the reporting date. Arrears reported in the MLAR data relate only to loans where the amount of actual arrears is 1.5% or more of the borrower's current loan balance. For example, if the loan balance is £100,000 arrears in respect of the loan will only be captured in MLAR once they have reached £1,500 or more.

14 For accounts in arrears, a temporary concession is defined as an agreement with the borrower whereby the monthly payments are either suspended or less than they would be on a fully commercial basis. A formal arrangement is defined as either an agreement to capitalise all or part of past arrears or an agreement to make increased monthly payments to reduce some or all of the existing arrears. Amounts in arrears subject to temporary concessions continue to be classified as arrears. Amounts in arrears subject to capitalisation arrangements are reported as arrears until the criteria for 'fully performing loans' are met, which include that the revised schedule of loan repayments has been met for at least six months.

15 Information on accounts with temporary concessions or formal arrangements relates only to those cases which have arrears over the reportable threshold. There may be other types of forbearance in place for some borrowers which are not captured in these figures as they are either not yet in arrears, or the arrears are not sufficiently large to be reportable.

16 Data are collected on the performance of loans in arrears. Performance is measured as payments received in the quarter expressed as a percentage of payments due (i.e. under normal commercial terms to fully service the mortgage debt).

17 For accounts in arrears, data on capitalisations are also collected and published. Capitalisations are defined as formal arrangements to add all, or part of, a borrower's arrears to the amount of outstanding principal.

18 A 'possession' relates to any method by which, in an arrears case, the lender takes the secured property into their possession (including by a court Possession Order, or by voluntary surrender by the borrower). This also

includes cases where Receivers of Rent have been appointed. MLAR possessions data relate to individual loan accounts in possession.

Arrears as a percentage of balances approach

19 The 1.5% threshold used in the “arrears as a percentage of balances approach” was adopted to replace an earlier 2.5% threshold that had been used in analysis of building society arrears from the early 1990s.

20 For ease of comparison, sub-totals for a 2.5% threshold as well as for the 1.5% threshold are presented in the Detailed Tables on arrears. More detail is available in the Frequently Asked Questions (FAQs) relating to the MLAR on the FCA website at http://www.fca.org.uk/firms/systems-reporting/gabriel/help/mla.

Loan accounts in arrears

21 It should be noted that numbers of loan accounts in arrears, which is the basis on which these data are reported in the MLAR statistics, need not equate to the number of borrowers in arrears. Numbers of individual loan accounts in arrears will include arrears rising on:

- First charge loans;
- Second and subsequent charge loans (where the borrower takes an extra loan from another lender); and
- Some further advance loans (cases where the first charge lender establishes a further advance on the original mortgage as a separate loan account, but is unable to combine the two accounts for MLAR reporting purposes).

22 As a result, arrears numbers on the MLAR are reported on a different basis from - and are materially higher than - the corresponding data published by the Council for Mortgage Lenders (CML) on numbers of first charge mortgages in arrears. A second, more significant, difference between these datasets which adds to this effect is the use of a higher percentage of balances threshold for arrears, 2.5% in the case of CML data, compared with 1.5% in the case of MLAR data.

Loan accounts in possession

23 This number does not represent the number of borrowers that have been subject to possession. It represents the number of individual loan accounts in possession, and covers possessions arising on:

- First charge loans
- Second and subsequent charge loans (where the borrower takes an extra loan from another lender)

24 In practice however, where a borrower has first and second charge loans with separate lenders, it will not always be the case that both lenders report their loan accounts as a possession. MLAR possession figures also include cases where a Receiver of Rent has been appointed.