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Statistical release

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Mortgage Lenders and Administrators Statistics for Q4 2015 (derived from the Mortgage Lenders & Administrators Return (MLAR))

The overall value of the residential loan amounts outstanding in Q4 2015 was £1,291.4 billion, an increase of 0.7% compared with Q3 2015 and an increase of 2.5% over the past four quarters (see Table A).

Amounts outstanding on regulated loans were £1,022.5 billion, constituting 79% of the total in Q4 2015. This proportion has remained constant since Q4 2013. Non-regulated loans increased by £0.8 billion compared with Q3 2015 and by £5.6 billion compared with Q4 2014, to a level of £269.0 billion in Q4 2015.

The value of securitised amounts outstanding decreased by 3.8% compared to Q3 2015 to £81.0 billion in Q4 2015. Unsecuritised amounts outstanding (which exclude securitised assets) continued to increase by 1.1% from Q3 2015 to £1,210.4 billion in Q4 2015. Thus, the proportion of total amounts outstanding of securitised balances decreased for the thirteenth consecutive quarter to 6.3%, 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

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
Regulated:							
Unsecuritised	867.4	898.3	931.8	937.8	946.0	954.9	965.3
Securitised	89.1	78.3	64.9	59.0	59.1	58.9	57.2
Subtotal	956.5	976.7	996.7	996.8	1,005.1	1,013.7	1,022.5
Non regulated:							
Unsecuritised	238.8	234.2	237.3	239.5	241.7	242.9	245.1
Securitised	33.6	28.1	26.1	25.3	25.1	25.3	23.8
Subtotal	272.4	262.3	263.4	264.8	266.8	268.2	269.0
Total: (Regulated + non-regulated):							
Unsecuritised	1,106.2	1,132.5	1,169.0	1,177.3	1,187.7	1,197.8	1,210.4
Securitised	122.7	106.4	91.1	84.3	84.2	84.2	81.0
Total	1,228.9	1,238.9	1,260.1	1,261.6	1,272.0	1,282.0	1,291.4

New business volumes

Gross advances of £63.1 billion were recorded in Q4 2015. This was 1.6% higher than in Q3 2015 and 22.8% higher than Q4 2014 (see Table B and Chart 1).

Net advances increased from £8.1 billion in Q4 2014 to £14.2 billion in Q4 2015 (see Chart 2).

New commitments decreased from £64.1 billion in Q3 2015 to £59.5 billion in Q4 2015, however, this was an increase of 28.6% compared with Q4 2014.

The percentage of advances to borrowers with impaired credit history has increased by 6.7 basis points (bps) to 0.26% in Q4 2015 (see Table 1.32 Residential loans to individuals: Nature of loan in the main tables). The proportion of balances outstanding to those borrowers is continuing to decrease, to 0.93% in Q4 2015.

Table B: Unsecuritised residential loans to individuals flows and balances

Regulated and non-regulated mortgages

£ billions

Not seasonally adjusted

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
Business flows							
Gross advances	39.4	51.5	51.4	45.6	52.6	62.1	63.1
Net advances	4.2	9.0	8.1	6.3	10.0	13.7	14.2
New commitments	36.9	50.4	46.2	47.2	59.6	64.1	59.5
Balances outstanding							
Loans (exc overdrafts)	1,106.2	1,132.5	1,169.0	1,177.3	1,187.7	1,197.8	1,210.4
Commitments	52.4	70.8	69.9	70.4	74.9	76.5	74.3

Chart 1: Gross advances and new commitments

Not seasonally adjusted

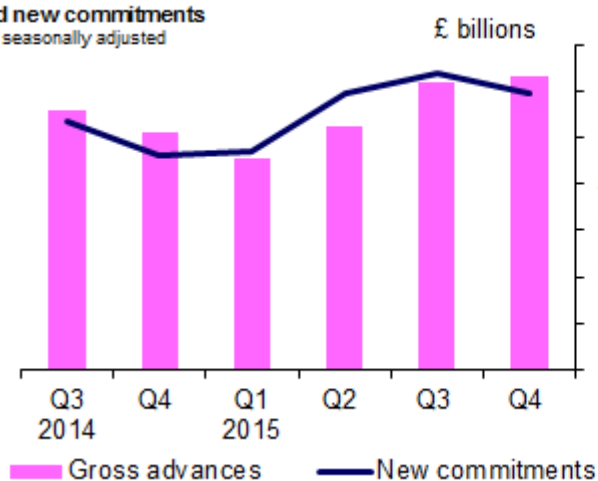
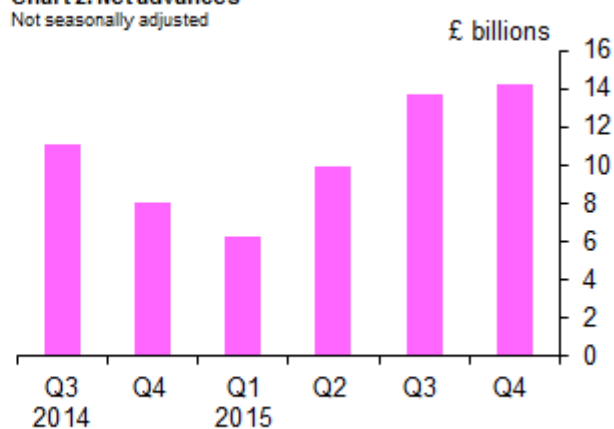


Chart 2: Net advances

Not seasonally adjusted



Lending characteristics of gross advances

Interest rate trends on residential lending

The proportion of gross advances at fixed interest rates increased from 80.7% in Q3 2015 to 84.1% in Q4 2015 (see Table C). The proportion of balances outstanding on fixed interest rate loans has increased by 1.7 percentage points since Q3 2015 to 48.2%.

The overall average interest rate on gross advances decreased by 5 bps in Q4 2015 to 2.71%, the lowest rate since the series began in 2007. The decrease was driven by an average decrease in fixed rates of 7bps to 2.72%, partially offset by an increase in variable rates of 3bps to 2.63% (see Chart 4).

The overall average interest rate on total amounts outstanding decreased by 4bps to 3.07% in Q4 2015, the lowest since the series began in 2007. This was due to a decrease in the average fixed rate of 8bps to 3.14%, and a decrease in the average variable rate of 1bp to 3.00%.

Table C: Interest rates

Regulated and non-regulated mortgages

Per cent

Not seasonally adjusted

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
Interest rate basis							
Percent of business at fixed rates							
Gross advances	63.5	80.3	82.2	77.6	78.9	80.7	84.1
Balances outstanding	27.9	32.9	41.3	42.6	44.1	46.6	48.2
Weighted average interest rates							
Gross advances							
Fixed rate loans	4.10	3.30	3.37	3.11	2.91	2.79	2.72
Variable rate loans	3.30	2.99	2.74	2.58	2.50	2.60	2.63
All loans	3.81	3.25	3.26	2.99	2.83	2.76	2.71
Balances outstanding							
Fixed rate loans	4.49	3.85	3.48	3.42	3.31	3.21	3.14
Variable rate loans	3.09	3.12	3.08	3.07	3.05	3.02	3.00
All loans	3.48	3.36	3.25	3.22	3.17	3.11	3.07

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

Not seasonally adjusted

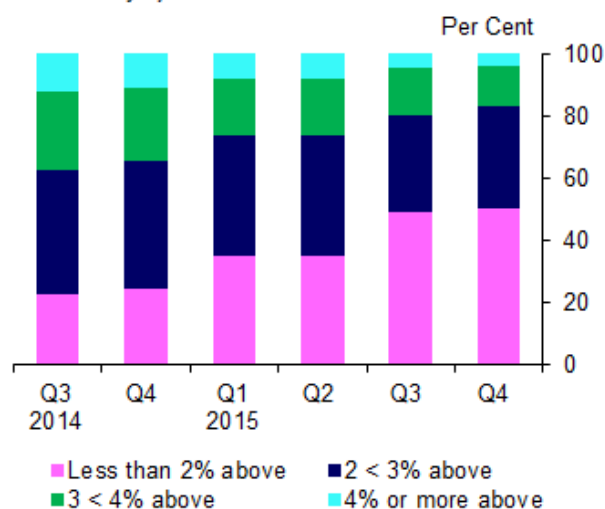
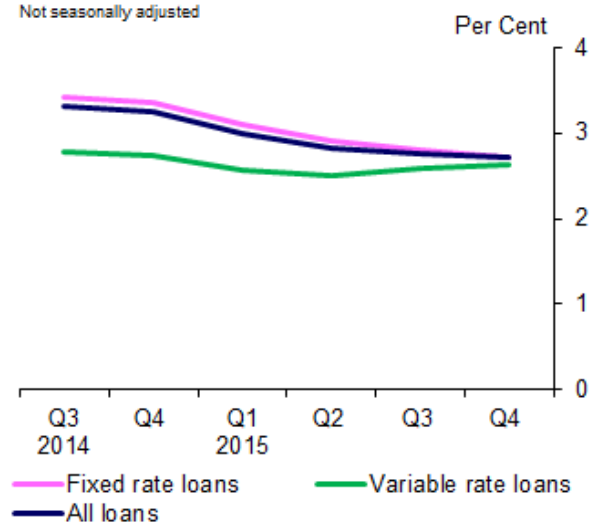


Chart 4: Weighted average interest rates - Gross advances

Not seasonally adjusted



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

The proportion of lending for house purchase in Q4 2015 was 69.3%, approximately 0.8 percentage points lower than in Q3 2015 (see Table D and Chart 5). The value of gross advances for house purchase was 20.2% higher than Q4 2014 at £43.7 billion.

The proportion of lending to first time buyers (FTBs) increased in the quarter by 0.5 percentage points to 20.9% in Q4 2015. The value of residential loans advanced to FTBs increased by £2.0 billion from Q4 2014 to £13.2 billion in Q4 2015.

The buy-to-let (BTL) proportion of lending increased from 15.6% in Q3 2015 to 15.9% in Q4 2015; BTL lending also increased by 1.0 percentage points from Q4 2014. BTL advances (which include BTL remortgages) increased over the past year from £7.7 billion advanced in Q4 2014 to £10.0 billion in Q4 2015 which is the highest since 2007. BTL balances outstanding were £178.2 billion in Q4 2015, which, at 14.7% of total residential balances is the highest proportion since the series began in 2007.

The proportion of remortgages increased from 24.1% in Q3 2015 to 25.0% in Q4 2015.

The proportion of other new lending increased from 3.4% in Q3 2015 to 3.5% in Q4 2015.

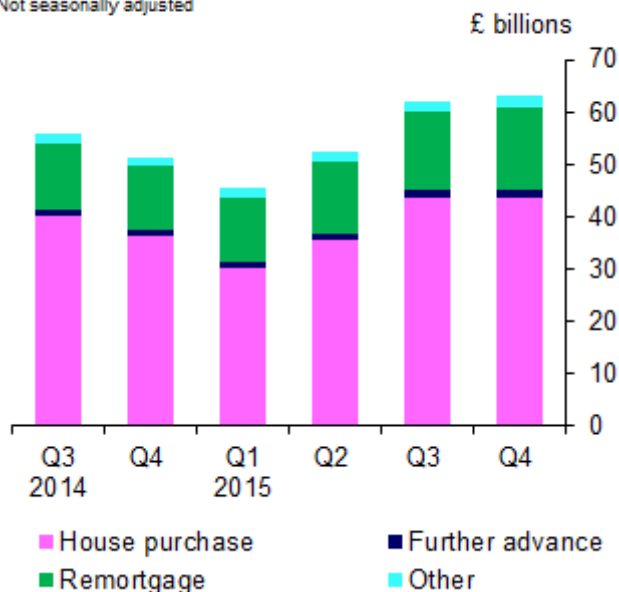
Table D: Unsecuritised residential loans to individuals by purpose of loan

Regulated and non-regulated mortgages

Not seasonally adjusted

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
By purpose of loan:							
Advances							
Per cent							
House purchase:	66.0	68.0	70.8	65.9	67.5	70.1	69.3
Owner occupation:							
FTBs	19.1	20.4	21.6	18.9	20.4	20.4	20.9
Other	35.9	34.8	34.2	30.2	31.3	34.1	32.5
Buy to let	11.0	12.8	14.9	16.8	15.9	15.6	15.9
Further advance	2.8	2.5	2.4	2.6	2.5	2.3	2.2
Remortgage	27.9	26.5	23.7	27.2	26.2	24.1	25.0
Other	3.3	3.0	3.1	4.3	3.8	3.4	3.5
Amount (£ billions)							
House purchase:	26.0	35.0	36.4	30.1	35.5	43.5	43.7
Owner occupation:							
FTBs	7.5	10.5	11.1	8.6	10.7	12.7	13.2
Other	14.1	17.9	17.6	13.8	16.4	21.2	20.5
Buy to let	4.3	6.6	7.7	7.7	8.3	9.7	10.0
Further advance	1.1	1.3	1.2	1.2	1.3	1.5	1.4
Remortgage	11.0	13.6	12.2	12.4	13.8	15.0	15.8
Other	1.3	1.5	1.6	2.0	2.0	2.1	2.2
Total	39.4	51.5	51.4	45.6	52.6	62.1	63.1

Chart 5: Breakdown of gross advances by purpose of loan
Not seasonally adjusted



New commitments for house purchase as a proportion of total commitments decreased from 65.4% in Q3 2015 to 63.9% in Q4 2015 (see Table E). The value of new commitments for house purchase decreased by 9.4% over the past year, from £41.9 billion in Q3 2015 to £38.0 billion in Q4 2015.

New commitments for remortgaging as a proportion of total commitments increased by 1.6 percentage points over the quarter to 31.4% in Q4 2015. In value terms there was an increase over the past year of 31.5%, from £14.2 billion in Q4 2014 to £18.7 billion in Q4 2015.

Table E: New commitments by purpose of loan

Regulated and non-regulated mortgages

Not seasonally adjusted

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
By purpose of loan:							
New commitments in quarter							
Per cent							
House purchase	63.5	66.4	64.4	62.7	66.8	65.4	63.9
Remortgage	30.8	28.7	30.7	31.3	28.8	29.8	31.4
Other (inc further advances)	5.7	4.9	4.9	6.0	4.4	4.8	4.7
Amount (£ billions)							
House purchase	23.4	33.4	29.8	29.6	39.8	41.9	38.0
Remortgage	11.4	14.5	14.2	14.8	17.2	19.1	18.7
Other (inc further advances)	2.1	2.5	2.3	2.8	2.6	3.1	2.8
Total	36.9	50.4	46.2	47.2	59.6	64.1	59.5

Lending criteria

The proportion of gross advances at a loan-to-value (LTV) of over 90% decreased by 0.1 percent points over the quarter to 3.2% in Q4 2015. The proportion of gross advances to borrowers with a single income multiple of more than 4.00x increased by 0.5 percentage points to 10.2% in Q4 2015. The proportion of gross advances to borrowers with joint income multiple of equal to or more than 3.00x increased by 0.9 percentage points over the quarter to 29.7% in Q4 2015.

The proportion of gross advances that are a combination of a LTV over 90% and loan-to-income multiple of over 3.5x for single income borrowers (or 2.75x for joint income borrowers) remained unchanged over the quarter at 2.3%.

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

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
Single income multiple:							
Less than 2.50	10.4	8.8	8.1	8.5	8.0	7.7	7.4
2.50 < 3.00	4.9	4.4	4.0	4.1	4.0	3.7	3.7
3.00 < 4.00	11.5	11.2	10.3	9.8	9.8	9.6	9.6
4.00 or over	10.7	11.3	9.6	9.1	9.2	9.8	10.2
Other	12.1	12.3	14.3	16.0	14.2	14.0	14.7
Total on Single income	49.6	48.0	46.3	47.4	45.2	44.9	45.6
Joint income multiple:							
Less than 2.00	9.3	8.5	9.1	10.0	9.6	9.0	8.2
2.00 < 2.50	7.1	7.4	7.4	7.3	7.2	6.8	6.5
2.50 < 3.00	9.2	8.4	9.5	9.0	9.1	8.9	8.4
3.00 or over	23.7	26.6	26.2	24.7	27.2	28.8	29.7
Other	1.1	1.1	1.5	1.6	1.6	1.6	1.5
Total on Joint income	50.4	52.0	53.7	52.6	54.8	55.1	54.4
LTV							
< = 75%	66.3	64.6	64.6	67.6	65.9	65.5	66.4
Over 75 < = 90%	31.7	33.2	31.6	29.0	30.5	31.2	30.4
Over 90 < = 95%	1.7	1.7	3.5	3.0	3.3	3.1	3.0
Over 95%	0.4	0.4	0.3	0.4	0.3	0.2	0.2
LTV (Over 90%) and Loan-to-income multiple > 3.5/2.75*	1.2	1.5	2.5	2.2	2.4	2.3	2.3

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

Arrears and possessions

The number of new arrears cases in Q4 2015 was 20,370 (see Table G). This was almost the same as in Q3 2015 which was the lowest level since the series began in 2007 (see Chart 7).

The value of new arrears also remained unchanged over the past quarter at £37 million. This is a drop of 13.6% compared with Q4 2014.

The total number of loan accounts with reportable arrears continued to decrease - from 196,136 in Q3 2015 to 191,152 in Q4 2015, a reduction of 2.5% and the lowest since the series began in 2007. The balances in arrears as a percentage of total loan balances also decreased for the thirteenth quarter in succession to 1.4%, the lowest since the series began in 2007.

The performance of loans in arrears – payments received as a percentage of payments due – increased to 62.4% in Q4 2015.

Table G: Arrears

Regulated and non-regulated mortgages

Not seasonally adjusted

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
Loans in Arrears							
New cases in the quarter (i.e. moving into 1.5 < 2.5% band)							
Number of loan accounts	34,721	29,550	23,266	22,324	21,089	20,331	20,370
Amount of arrears (£ millions)	66	56	42	41	39	37	37
Balance outstanding (£ millions)	3,551	3,018	2,282	2,197	2,127	1,979	1,971
Arrears cases at end of quarter							
Number of loan accounts	297,572	263,665	217,981	210,261	209,699	196,136	191,152
Amount of arrears (£ millions)	1,766	1,633	1,365	1,359	1,364	1,295	1,303
Balance outstanding (£ millions)	29,558	26,053	20,501	19,739	19,102	18,125	17,529
Balances as % of total loan balances (per cent)	2.41	2.10	1.63	1.56	1.50	1.41	1.36
Performance of arrears cases in Qtr (per cent)	57.59	62.34	63.40	62.55	62.16	61.92	62.36
Arrears cases by severity							
Balances on cases in arrears as per cent of total loan balances							
1.5 < 2.5% in arrears	0.74	0.66	0.52	0.49	0.47	0.44	0.41
2.5 < 5.0% in arrears	0.79	0.70	0.53	0.52	0.49	0.46	0.44
5 % or more in arrears	0.71	0.64	0.49	0.48	0.49	0.46	0.46
In possession	0.16	0.11	0.09	0.07	0.06	0.05	0.05
Total	2.41	2.10	1.63	1.56	1.50	1.41	1.36
Number of cases in arrears as per cent of total number of loans							
1.5 < 2.5% in arrears	0.59	0.54	0.47	0.45	0.43	0.41	0.40
2.5 < 5.0% in arrears	0.64	0.59	0.49	0.48	0.47	0.44	0.43
5 % or more in arrears	0.77	0.71	0.61	0.60	0.64	0.59	0.59
In possession	0.09	0.07	0.06	0.05	0.04	0.04	0.03
Total	2.08	1.91	1.63	1.58	1.58	1.48	1.45

New possession cases totalled 2,392 in Q4 2015, a decrease of 17.0% from Q3 2015 and the lowest since Q1 2007 when the series began (see Table H). Sales of possession cases were down 4.3% from 2,999 in Q3 2015 to 2,870 in Q4 2015.

As possession sales outstripped new possessions, the stock of possession cases remaining unsold decreased from 5,012 in Q3 2015 to 4,421 in Q4 2015, the lowest since the series began in 2007.

A total of £13 million of arrears on 3,245 accounts were capitalised in Q4 2015, a decrease of 28.3% from Q3 2015.

Table H: Possessions

Regulated and non-regulated mortgages

Not seasonally adjusted

	Q4 2012	Q4 2013	Q4 2014	Q1 2015	Q2	Q3	Q4
Possession cases: movements & stocks							
New possessions	7,792	6,118	4,134	3,157	2,671	2,881	2,392
Possession sales	9,447	7,607	5,533	4,738	3,705	2,999	2,870
Stocks of possessions at end quarter	13,321	9,956	7,758	6,426	5,249	5,012	4,421
Capitalisations of arrears cases							
Number in quarter	8,773	7,545	6,116	6,107	4,855	4,410	3,245
Arrears capitalised in quarter (£ millions)	33	30	25	25	20	18	13
Balance outstanding at end quarter (£ millions)	953	842	697	710	579	494	360

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

Not seasonally adjusted

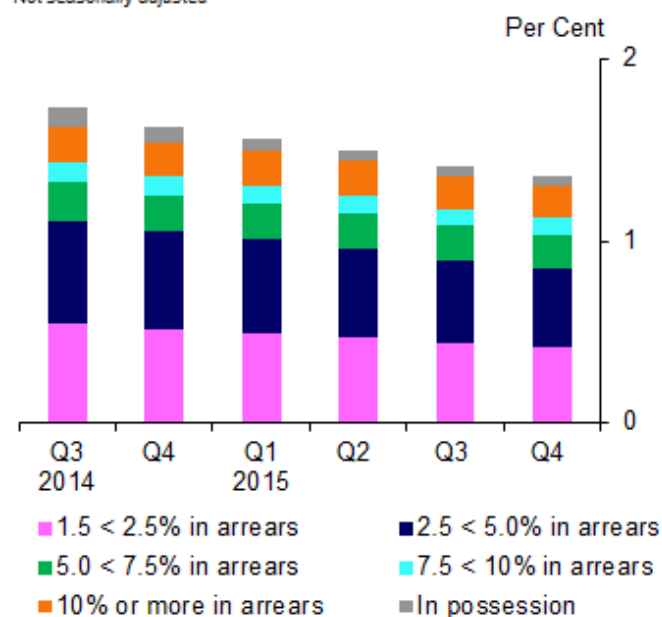
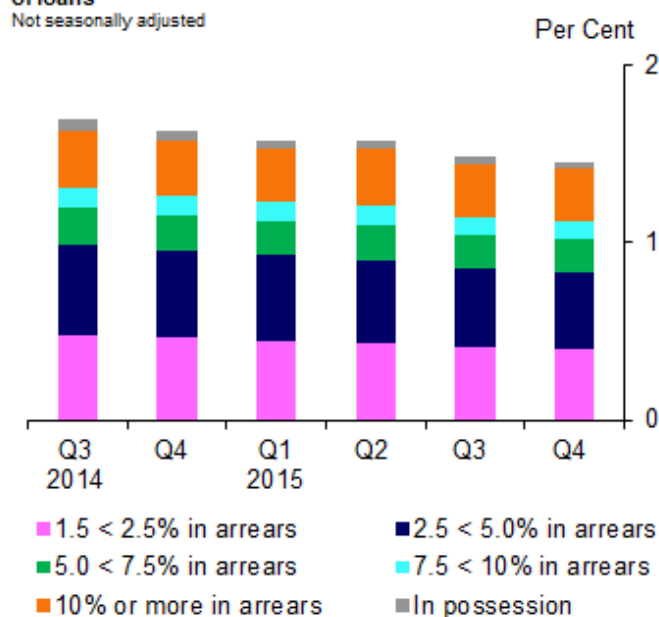


Chart 7: Number of cases in arrears as a proportion of total number of loans

Not seasonally adjusted



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 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 (banks, building societies, credit unions and other specialist lenders) 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. Lenders with only non-regulated lending are not required to submit the MLAR.
- 2 Please note that tables in this release are summaries of more detailed data tables available at www.bankofengland.co.uk/pru/Pages/regulatorydata/mlar/2015/dec.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 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 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.