The Mortgage Bureau, Norwich, Warns Households That Mortgage Holidays Increase Mortgage Costs

April 21, 2020

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Norwich, UK based The Mortgage Bureau has recently shared a few articles on Mortgage Holidays from the mortgage industry through their social media platforms in an attempt to dissuade households around the country from relying too much on mortgage holidays. It is the firm?s hope that this information will allow their community to avoid making rash decisions regarding their finances as well as correct any misinformation they previously believed in.

Both articles in question were published by Mortgage Solutions, a platform that is dedicated to sharing news from the mortgage industry. The first article states that, ?Mortgage lenders have given more than 1.2 million mortgage payment holidays to homeowners who have found themselves in financial difficulty because of the coronavirus pandemic,? and, ?one in nine mortgages in the UK are now subject to a payment holiday.?

This means that for the average mortgage holder, the payment holiday comprises £260 per month in suspended interest payments. Many have seen this reduction as a welcome relief given the lockdown set in place due to the COVID-19 pandemic. As many households are currently unable to make an income, or at the very least have discovered that their incomes have been drastically depreciated in recent weeks, their

requests for a payment holiday have largely been answered by the mortgage industry, whose lenders have been credited with doing everything in their power to make accommodations for the pandemic and the negative impact it has had on people around the country.

?The number of mortgage payment holidays in place more than tripled in the two weeks between 25 March and 8 April, growing from 392,130 to 1,240,680,? says Mortgage Solutions. ?This is an increase of nearly 850,000 or an average of around 61,000 payment holidays being granted by lenders each day.? This support from the banks was initially announced on March 17 by Chancellor Rishi Sunak. Notably, leading members of the industry appear to expect the current crisis to continue for the immediate future, and they are ready to give households as much leeway as possible in order to help them get through the crisis.

The article quotes Robin Fieth, Building Societies Association CEO, who said, ?We know that this is a difficult time for many homeowners with a mortgage, and building society staff have been working hard to offer individuals the right solution. For almost a quarter of a million so far, that has been a three-month payment holiday offering a much-needed breathing space to families whose household income is under severe pressure during the current crisis.?

However, the article cautions here that a ?payment holiday? does not equate with a complete suspension of their need to make payments. The only difference is that borrowers have, in effect, been granted an extension that allows them to make their payments at a later date, presumably when the crisis is over and they are able to return to work. Given that a mortgage payment tends to make up the biggest portion of a household?s monthly budget, lenders are well aware of the fact that this payment holiday will give many people around the country the ability to manage their short-term cash flow with greater ease. Crucially, however, these households should not forget that their interest will continue to accrue over this period, contributing to the overall mortgage debt. The Mortgage Bureau may be contacted at their offices throughout East Anglia regarding any inquiries on the subject.

Furthermore, as the second article shared by The Mortgage Bureau points out, lenders? have to pull from finite resources in order to support these payment holidays. Such extensions cannot be granted indefinitely, which is why Members of Parliament (MPs) have been warned by the heads of UK Finance and the Finance and Leasing Association (FLA) that plans for ending the mortgage holiday should begin now. Should the pandemic still be in play by June, lenders may be unable to extend payment holidays for another three months without serious considerations being made.

The article quotes UK Finance CEO Stephen Jones, who said, ?Financial institutions have only got finite resources in terms of the amount of holidays they can continue to roll. It?s very important that households and businesses understand that these reliefs which are given must be temporary, and there will come a point where they will need to be restored.?

The Mortgage Bureau is on hand to respond to any inquiries regarding the financial challenges brought about by the COVID-19 pandemic, and they welcome questions from borrowers who wish to ascertain the state of their financial security. More information can be found on the firm?s website, and interested parties may reach out to Andrew Masterson of The Mortgage Bureau for further details. Additional information can also be found in the firm?s previous press releases.

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The Mortgage Bureau Norwich

The Mortgage Bureau offers mortgages when buying a home, remortgages to save cost, commercial mortgages to fund ventures and associated requirements such as life insurance.

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