

AGM of the APPG for Mortgage Prisoners

29th January 2020

Attendees:

Present: Seema Malhotra MP [SM], Lord Sharkey [LS], Kevin Hollinrake MP [KH], Feryal Clark MP [FC], Nia Griffith MP [NG], Meg Hillier MP [MH], Baroness Bryan [BB], Greg Clark MP [GC], Janet Daby MP [JB], Alison Thewliss MP [AT], Stephen Timms MP [ST], Heather Buchanan (Director of Policy and Strategy of APPG on Fair Business Banking) [HB], Dominic Lindley (Secretariat) [DL]

Apologies: Rushanara Ali MP

Elections:

Co-chairs: Seema Malhotra MP (L) and Lord Sharkey (LD)

Nominated by: Agreed by all

Seconded by: Agreed by all

Vice-chairs:

Kevin Hollinrake MP (C)

Feryal Clark MP (L)

Nominated by: Agreed by all

Seconded by: Agreed by all

Secretariat:

Dominic Lindley

Nominated by: Seema Malhotra MP

Seconded by: Agreed by all

Members:

Nia Griffith MP

Meg Hillier MP

Baroness Bryan

Greg Clark MP

Janet Daby MP

Alison Thewliss MP

Stephen Timms MP

Rushanara Ali MP

Patrick Grady MP

Henry Smith MP

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Statement of purpose

The statement of purpose was agreed unchanged as:

“To ensure that all mortgage prisoners are given a fair deal and fair treatment (including by any organisation to which their mortgage is or might be assigned) and explore the issues relating to the ability of customers to switch mortgages including affordability criteria and associated regulatory changes.”

Secretariat and public point of contact

The registered contact and public enquiry point were agreed:

Registered Contact: Seema Malhotra MP, House of Commons, London, SW1A 0AA. Tel: 020 7219 8957. Email: seema.malhotra.mp@parliament.uk.

Public Enquiry Point: Dominic Lindley, Email: appgmortgageprisoners@gmail.com

Update on activity and FCA consultation

Dominic Lindley provided an update on the FCA consultation and other activity:

- *Over 150 responses were received from mortgage prisoners to our request for case studies – we are considering the best time and way to update mortgage prisoners. The APPG was successful in securing an amendment to the FCA proposals to allow those with Northern Rock together mortgage unsecured loans to consolidate their borrowing and still be eligible for the new affordability test.*
- *FCA has published an update on the number of mortgage prisoners - Around 250,000 people are in closed mortgage books or have mortgages owned by firms that are not regulated by the FCA. Around 170,000 of these borrowers are up-to-date with payments.*
- *The consensus is that there is little interest amongst larger lenders to apply the new test, the FCA believes that the estimate of the number of mortgage prisoners who will be helped is closer to 14,000 than earlier higher estimates of 20,000 to 30,000.*
- *UKAR has completed two more packages of mortgage sales, comprising around 95,000 customers. It now only has around 35,000 customers remaining in the UKAR book.*
- *John Glen MP has written to UK Finance urging them to help more mortgage prisoners¹: “Given the complexity in resolving the issues around mortgage prisoners, it is important to closely monitor the impact of the recent rule changes, including the extent and pace of action by [UK Finance] members. I am open to considering an extension to the regulatory perimeter where the benefits to consumers and markets can be demonstrated, however it is important that we do not raise false hope for these customers by pursuing a change that does not end up helping them.”*

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Discussion: Future Business and Goals for 2020

The following points were made during the discussion:

- The APPG should meet with campaigners such as the mortgage prisoners facebook group and the FCA. It should encourage the FCA to maximise the number of mortgage prisoners which can be helped through the new affordability test. It should also encourage the Government to expand the FCA regulatory perimeter so it could take action against inactive lenders and unregulated entities currently involved in the management of mortgage loans.
- The APPG should contact lenders and ask for their position on the new affordability test.
- There may be an opportunity to develop the text for an amendment which would expand the FCA regulatory perimeter to include inactive lenders and unregulated entities currently involved in the management of mortgage loans.
- The APPG should be mindful of the impact of Help-to-Buy and the position of people who owned flats with cladding issues.
- A short briefing note should be prepared outlining the key issues surrounding mortgage prisoners.