

Mortgage Policy  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

By email

8 September 2025

Dear Sir/Madam,

## **DP25/2: Mortgage Rule Review: the future of the mortgage market**

The Panel welcomes the range of ideas set out to support the broader availability and uptake of mortgages. Widening responsible lending and unlocking housing wealth is of central importance to growth aspirations and to achieving better outcomes for consumers in the longer-term, and it is right that this is looked at holistically.

Our comments focus on those areas we consider to be of highest importance and urgency. Once consensus has been reached on prioritisation, we encourage the FCA to take an agile approach, building on positive lessons learned from AGBR, to enable feedback to be gathered at pace and proposals developed in an iterative way.

On the question of balance of reliance on the Consumer Duty vs retaining more prescriptive rules, our view is that it would be best to take a nuanced approach employing a combination of greater flexibility underpinned by minimum standards. As the industry transitions to a more flexible regulatory environment, the FCA should be prepared to adjust rules dynamically. Balancing firm supervision with the ability to pivot and adjust regulations quickly will be essential in navigating unexpected outcomes and ensuring successful implementation.

### Expanding Mortgage Access

The initiative to broaden mortgage access for renters and first-time buyers is a commendable step towards achieving a balanced approach to customer outcomes and economic growth, recognising that a significant portion of society, particularly those facing socio-economic challenges, struggle with home ownership aspirations. In broadening access, it will be essential to acknowledge the potential rise in delinquencies and repossessions and pre-position this as an expected outcome. Collaborating with firms to accurately gauge write-off rates and repossessions will be crucial in managing these changes effectively.

We would particularly highlight the following areas for attention:

- Credit Reference Agency reporting - It is crucial for the FCA to consider mandating landlords/letting agencies to report rent payments to credit bureaus. This would enable consistent integration of rental payment data into lenders' credit and affordability assessments, enhancing the accuracy and reliability of these strategies.
- Innovation sandbox - Establishing a more formal/discrete innovation sandbox (as with AGBR) could encourage lenders and fintechs to develop innovative products bridging the gap between renting and owning. While the US has experimented with rent + equity products, the UK has yet to fully embrace this strategy. Clarifying regulatory rules and highlighting the opportunity size could stimulate interest and innovation in this area. The FCA should have a clear target in mind of how many "renters" would become "owners" as a definition of success.
- Growth of the gig economy - It will be important to open the market to those with variable incomes/who are self-employed, recognising the growth of digitisation and changing ways of working. Greater flexibility in this area may be helpful.

- Allowing for greater flexibility and simplicity in the use of pension savings to help with housing affordability should also be seriously considered, recognising also that building consumer awareness and rebalancing of risk appetite will be essential to support this.

### Later life products

Exploring beyond traditional mortgages and equity release products to include Home Equity Investment or Lifetime Mortgages could offer straightforward solutions for later life financial planning. These products, which may not require any payments past a certain age and would settle the loan upon death or property sale, should be considered alongside inheritance implications and the necessity for formal advice. Understanding why firms avoid this space is paramount through the consultation.

It will also be important to work closely with the PRA to ensure that capital requirements for later life lending do not act as a deterrent or undermine the affordability of this provision.

### Forbearance rules collaboration

It will be vital to ensure there is close collaboration with the PRA on forbearance rules. Recent economic challenges, including the Covid pandemic and cost of living crisis, have shown that many people are capable of reorganising their personal finances to manage elevated costs and cope with difficult times. It would therefore be helpful to allow firms to renegotiate mortgage terms with customers proactively, without triggering credit bureau impacts or formal forbearance situations. Options such as temporary interest-only payments (or "part/part"), payment holidays, or reduced interest rates could help mitigate delinquency and repossession risks. Simplifying the way firms can offer these to customers, within a proper control framework, would be beneficial.

### Customer understanding and process innovation

The UK home-buying process is often criticised for its complexity and inefficiency. A comprehensive review and re-engineering of this process, potentially sponsored by the government or FCA, could lead to significant improvements. By leveraging digital tools for credit data access, property valuation and conveyancing, "Mortgages in a Day" could be achieved for a large segment of the population. This would enhance customer experience and outcomes, aligning with initiatives like AGRB and the National Payments Vision.

We are also supportive of reviewing customer advice models to help address a number of societal issues identified, though note that these changes could potentially be complex to implement and oversee e.g. disclosure requirements, enabling innovation and the use of AI, and ensuring option/s in the consumer's best interest are clearly communicated.

We would be happy to discuss any of these points further.

Yours faithfully,

[signed]

Matt Hammerstein  
Chair, FCA Practitioner Panel