

30 July 2020

Our Ref: FOI7426

Freedom of Information: Right to know request

Thank you for your email of 3 July 2020 about mortgages that are in negative equity in Northern Ireland. Please refer to Annex A for full details of your request.

We are handling your email as a request for information under the Freedom of Information Act 2000 (FOIA).

Question one

According to our Product Sales Performance data (PSD007), as at end 2019, there were 250,477 regulated mortgages in Northern Ireland. Based on the analyses we have undertaken we estimate that approximately 11,000 (4.4%) of mortgages in Northern Ireland could have been in negative equity as at end 2019.

Please note that firms do not report negative equity data to us in any of our regulatory returns. This particular estimate is from a one-off calculation, based on our own assumptions.

A mortgage was considered to be in negative equity where the loan value exceeded the estimated property value. This is an estimate only as it does not take into account local variations in house prices within Northern Ireland, type of property, home improvements / deterioration in property condition over time and any other factors which may have influenced the current value of any specific property. We used the property values recorded at the point of mortgage sale in our Product Sales Data (PSD001) and Land Registry time series data on average regional house prices to produce the current estimate. However, if a different source of average house prices were to be used, the estimate would also be different, i.e. higher or lower. All data relates to regulated owner occupier mortgages only, i.e. it excludes unregulated loans, such as buy-to-let.

Question two and three

We are unable to answer questions 2 and 3 as we do not hold time series data on negative equity in Northern Ireland for the last 12 years. Although the level of negative equity could be estimated retrospectively going back to 2015 (using our current methodology), this is not the data we already hold. Taking into consideration the amount of analysis, complex coding and calculation needed to produce the information you are seeking, to comply with your request would result in the FCA creating new information, which we are not required to do under the Act.

Your right to complain under FOIA

If you are unhappy with this response, you have the right to request an internal review. To do so, please contact us within 40 working days of the date of this response.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner by phone or on their website at:

Telephone: 0303 123 1113

Website: www.ico.org.uk

Annex A

1. *'I would like to know how many mortgages are in negative equity in Northern Ireland. Please also tell me how this compares to the overall number of mortgages – i.e. what percentage of all mortgages in Northern Ireland are in negative equity?*
2. *Please provide the most up-to-date figure as well as figures for the past 12 years if possible. (N.B. If 12 years is too long a timeframe then please provide it for the longest period possible dating back from this year.)*
3. *If not provided in your response to the above, please also provide a figure for when there were the highest number of mortgages in Northern Ireland in negative equity since the 2008 crash. '*