



Regulatory Priorities

Mortgages

March 2026

This Regulatory Priorities report is for:

Mortgage and home
finance lenders

Mortgage and home
finance administrators

Mortgage and home
finance intermediaries



You can find all our
Regulatory Priorities
reports at
[www.fca.org.uk/
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Foreword



We're committed to being a smarter regulator – predictable, purposeful and proportionate.

Central to that is how we communicate to the firms we regulate what's important to us.

These new Regulatory Priorities reports replace more than 40 portfolio letters. Published annually, they set out our areas of focus by industry sector. They attempt to pull together all that we're doing – whether by supervisors or in policy development. A clear, succinct one-stop shop.

They should act as a guide for firms' boards and chief executives. You should read these reports carefully, review the priorities within them – and act where you need to.

This is the latest example of how we're transforming the way we supervise. This year we'll go further, expanding dedicated supervisory contacts, applying a more risk-based approach for our largest firms, and making data collection more targeted and efficient. Our goal is simple: less intensive attention on firms doing the right thing, and stronger, faster action where harm is greatest.

Importantly, we also want you to engage with us. We welcome your feedback on these reports and our approach to supervision. Share your insights, challenge our thinking, and work with us as we refine this new model.

Together, we can build a regulatory system that deepens trust and rebalances risk, to support growth and improve lives.

David Geale

Executive Director of Payments and Digital Finance

Emad Aladhah

Director of Retail Banking

Executive summary

Each year, 1.3 million people buy a home, remortgage, or release equity, helped by over 180 mortgage lenders and 5,000 intermediaries.

The market is resilient: arrears have remained low despite higher interest rates. But it needs to support consumers in a changing world, and we want to make sure it can.

Our 5-year strategy, published in 2025, aims to deepen trust, rebalance risk, support growth, and help consumers navigate their financial lives. We're improving our mortgage regime both to help more people own their own homes, and to encourage a dynamic, innovative and competitive market.

Underpinning our approach, we'll ensure firms keep the Consumer Duty integral to how they treat retail customers. Getting good outcomes will deepen consumers' trust and increase their confidence to seek products and services that meet their needs and match their capacity for risk, helping them navigate their financial lives.

As we progress our work, we'll ensure we take the most appropriate and proportionate action to review and act as needed. Where we identify serious misconduct, we'll consider the tools available to us, including supervisory intervention or enforcement.

Our mortgage priorities for this year

Improving consumer outcomes under our Mortgage Rule Review

We want to enable the mortgage market of the future: a market that can adapt, innovate, and meet consumer needs and expectations, from first-time buyers to those in later life.

We're simplifying our mortgage rules and supporting firms to:

- broaden access to mortgages for first-time buyers and underserved consumers
- enhance later life lending
- enable innovation
- protect vulnerable consumers

Most proposals will be permissive, creating opportunities for firms to operate differently. We expect firms to continue to set and manage their own independent risk appetites and take responsibility for the outcomes they deliver.

Encouraging responsible lending and supporting mortgage borrowers in financial difficulty

We expect firms to monitor their affordability assessments to ensure they remain appropriate and deliver good consumer outcomes, including when they are broadening access to mortgages.

Second charge lenders should review the findings of our recent supervisory review of second charge mortgages to ensure that their affordability assessments are robust, and expenditure assessments are realistic for their customers.

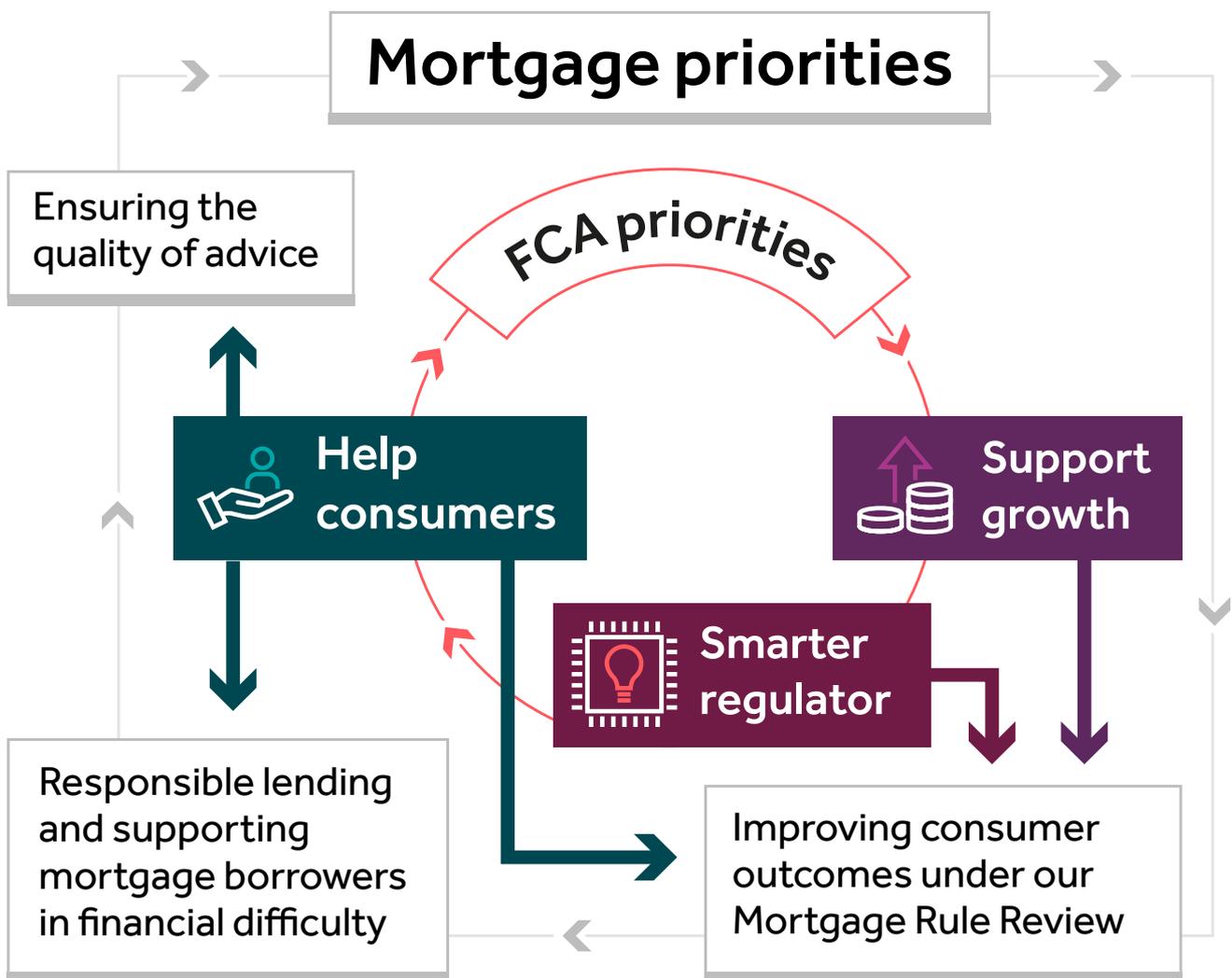
We will continue to expect all lenders and administrators to support their customers through periods of financial difficulty, offering appropriate forbearance.

Ensuring the quality of advice

We want to see advisers in intermediary firms and lenders recommending products that are suitable for consumers' needs.

Second charge mortgage advisers should review the findings of our recent work and act to ensure they are delivering good consumer outcomes. All firms providing advice should review the findings on record-keeping and quality assurance.

How our mortgage priorities support our strategy



What we've done in the market

We've begun simplifying our mortgage rules to shape the future mortgage market.

We published a [statement](#) outlining the flexibility in our interest rate 'stress test' rule in March 2025. We've already seen an impact: 85% of the market has updated its approach and is able to offer around £30,000 more, supporting first-time buyers in owning their own home.

In July 2025, we [amended our rules](#) to provide greater opportunity for innovation. These changes are making it easier to:

- remortgage with a new lender
- reduce the overall cost of borrowing through term reductions
- discuss options with a firm, while still being able to seek advice if needed

We also amended our [guidance](#) on the Financial Policy Committee's (FPC) recommendation on loan-to-income (LTI) ratios in mortgage lending, to increase the volume of mortgages a lender needs to make the LTI flow limit apply.

In June 2025, we opened a [discussion](#) on the future of the mortgage market, to consider changes needed to our rules to support sustainable home ownership and economic growth, and the trade-offs and risks that this would entail.

This was followed by a [feedback statement](#) in December 2025. This sets out a roadmap for delivery, including a [focused market study](#) on later life lending to assess the market's readiness to deliver for consumers in future, and to inform future policy development.

We reviewed the second charge mortgage market and published our [findings](#).

We've issued [consumer warnings](#) on the risks of making 'Freeman on the land' claims about their mortgages and [paying for promissory notes](#) to send to lenders.



9 million 
households

in the UK are supported by the mortgage industry to own their own home.

Source: PSD007

Our priorities:

Improving consumer outcomes under our Mortgage Rule Review

Mortgage and home finance lenders and administrators, and intermediaries.

What we expect firms to do

- **Engage with our rule review** and our focused later life mortgage market study.
- **Share with us any barriers, challenges and risks** to delivering innovation in products and services.

Consumers are entering the mortgage market later, borrowing for longer, and repaying their mortgages into later life.

For many, the costs of retirement may not be met by pensions and savings alone. There could be greater demand to access the equity in their homes to meet later life living costs.

Changing consumer demographics are prompting lenders to consider how to address affordability challenges and their own risk appetites.

In response, we're simplifying our mortgage rules. This will support different types of consumers to achieve their home ownership goals, enhance later life lending, and enable innovation, while protecting vulnerable consumers.

Rebalancing risk appetite across the market will make it more dynamic, innovative and competitive.

What we'll do this year

- **Deliver on our roadmap**, including consulting on potential mortgage rule changes and undertaking a focused market study on later life lending.
- **Develop our monitoring and supervision framework** to support the Mortgage Rule Review and wider rebalancing of risk.
- **Continue to supervise mortgage and home finance firms** to identify issues and address harms.

Our priorities:

Encouraging responsible lending and supporting mortgage borrowers in financial difficulty

Mortgage and home finance lenders and administrators.

What we expect firms to do

- **Monitor and oversee their affordability assessments** to ensure they remain appropriate and deliver good consumer outcomes, including when firms are broadening access.
- **Second charge lenders should review the findings of our recent supervisory work on second charge mortgages** to ensure that their affordability assessments are robust, and expenditure assessments are realistic for their customers.
- **Support their customers through financial difficulty**, including offering appropriate forbearance.

We have seen lenders adapting their affordability assessments in response to the clarification of our interest rate stress test rules, and the FPC's updated LTI flow limit recommendation. This is helping more consumers with home ownership.

Our work on second charge mortgages found that affordability assessments could be more robust. Some lenders' expenditure assessments relied on assumptions that didn't appear realistic to the customer base nor adequately consider some types of expenditure. We shared our findings with the second charge lenders and expect them to take appropriate action to address relevant issues identified.

The mainstream mortgage market remains resilient. But while mortgage rates have stabilised, some borrowers are rolling off historically low 5-year fixed rates.

What we'll do this year

We'll **consult on further changes** to our mortgage rules. There will be trade-offs as we rebalance risk, but responsible lending and high standards of conduct will remain core principles.

We'll make sure that **consumers in financial difficulty get the right support** through our monitoring and supervisory work.

Our priorities:

Ensuring the quality of advice

Firms that provide mortgage or home finance advice, including intermediaries and lenders.

What we expect firms to do

- **Make sure advisers recommend products that are suitable for consumers' needs**, including those who are consolidating debt or borrowing into later life.
- **Test consumer outcomes** across the customer journey.
- **Second charge advice firms should review the findings of our work on second charge mortgages** and ensure they're delivering good outcomes. **All firms providing advice** should review the elements of the findings that relate to **record-keeping** and **quality assurance**.

Our work on second charge mortgages found that standards of advice could be improved, particularly for debt consolidation.

Some advisers focused on assessing whether consumers were eligible for the loan, rather than whether it was suitable for their needs and circumstances.

Record-keeping was sometimes incomplete, making it hard to demonstrate that advice was tailored and appropriate. This could weaken quality assurance processes.

The second charge market serves consumers that may have characteristics of vulnerability, including low financial resilience. This puts them at a greater risk of harm. So it's important that firms operating in this market deliver good outcomes.

What we'll do this year

- We're communicating with the firms included in our second charge review about the **remedial action** we expect them to take. We'll continue to **monitor firms through data and our supervisory work**.
- Through our work on **protecting vulnerable consumers**, we're considering policy changes to support good outcomes for consumers consolidating debt.
- We're also exploring options to deliver **more holistic advice to consumers considering using their housing wealth in later life**.



Second charge mortgages make up less than 4% of mortgage sales.

Over 95% are sold on an advised basis.

Source: PSD001



Other areas of focus

Disorderly failure of mortgage firms

Mortgage and home finance lenders (solo regulated) and administrators, and intermediaries

Weak business models, external shocks and market volatility can trigger sudden changes in the availability of lenders' funding, disrupting operations and harming consumers and markets. We expect firms to have adequate systems, controls, processes, policies, governance and oversight to mitigate this risk. Resilience testing and action plans should be sophisticated, detailed and tailored. Where we find concerns, we will intervene where necessary.

Fraud

Mortgage and home finance lenders and administrators, and intermediaries

Poor systems and controls lead to more fraudulent applications being submitted and more consumers' data being lost. Fighting financial crime remains an FCA priority and we'll use data and analysis to identify outlier firms and target our engagement.

Incentives and conflicts of interest

Mortgage intermediaries

We've seen evidence of conditional selling: estate agents requiring consumers to use specific mortgage intermediaries. We're looking at incentives, including both first and second charge firms and estate agent-based brokers.

Appointed representatives

Mortgage intermediaries

We expect principals to have robust systems and controls relating to their appointed representatives (ARs). They should review their onboarding, monitoring, oversight and wind-down plans holistically and on an ongoing basis, also ensuring advice fees are set and monitored consistently, and in line with the Consumer Duty. We'll undertake work where we identify concerns.

Operational resilience

Mortgage and home finance lenders and administrators, and intermediaries

Alongside the Prudential Regulation Authority (PRA), we'll introduce new rules for reporting operational incidents and information on material third parties following [CP24/28](#). We will engage with firms during the implementation period.

Senior Managers and Certification Regime

Mortgage and home finance lenders and administrators, and intermediaries

We'll work with the Treasury and the PRA to review the Senior Managers and Certification Regime.

AI

Mortgage and home finance lenders and administrators, and intermediaries

We encourage firms to experiment with [AI](#), use our [sandbox services](#) and look at our [Innovation Pathways](#). We have specific services open to smaller market participants, including our Supercharged Sandbox. We'll publish an evaluation report from AI Live Testing by the end of this year.

We want firms to consider and test the opportunities and risks that the use of AI presents. We expect them to keep the Duty and consumer needs at the heart of any innovations and to maintain good governance and controls over these.



The number of mortgage accounts with a

payment shortfall peaked in H1 2024

and has now fallen to its lowest level since H1 2022.

Source: PSD007



Key publications and speeches

Building the mortgage market of tomorrow

CEO Nikhil Rathi's [speech](#) on the health of the mortgage market and how the Mortgage Rule Review aims to enable a more accessible, sustainable market that supports consumers' financial wellbeing and long-term homeownership.

Mortgage Rule Review feedback statement

[Mortgage Rule Review: Feedback to DP25/2 and roadmap on further consultations to the mortgage rule book.](#)

Mortgage reform: supporting home ownership in the UK

[Speech](#) by Emad Aladhal, director of retail banking at the Building Societies Association Annual Conference.

Second charge mortgages – improving outcomes for consumers

This [publication](#) sets out the findings of our review of mortgage advice, fees and charges, and affordability assessments in second charge intermediaries and lenders.

Firms' obligations and consumer outcomes under the Duty

[Our Consumer Duty webpage](#), for the latest Consumer Duty updates

[Firms' treatment of customers in vulnerable circumstances – review](#)

[Consumer Support Outcome: good practices and areas for improvement](#)

[Digital design in customers' online journeys: good practice and areas for improvement](#)

[Statement on firms working together to manufacture products or services](#)

[Complaints and root cause analysis: good practice and areas for improvement](#)

Firms' operational and cyber resilience:

[PS24/16: Operational resilience: Critical third parties to the UK financial sector](#)

[CP24/28: Operational Incident and Third-Party Reporting](#)

[FCA Cyber Coordination Group Insights 2024](#)

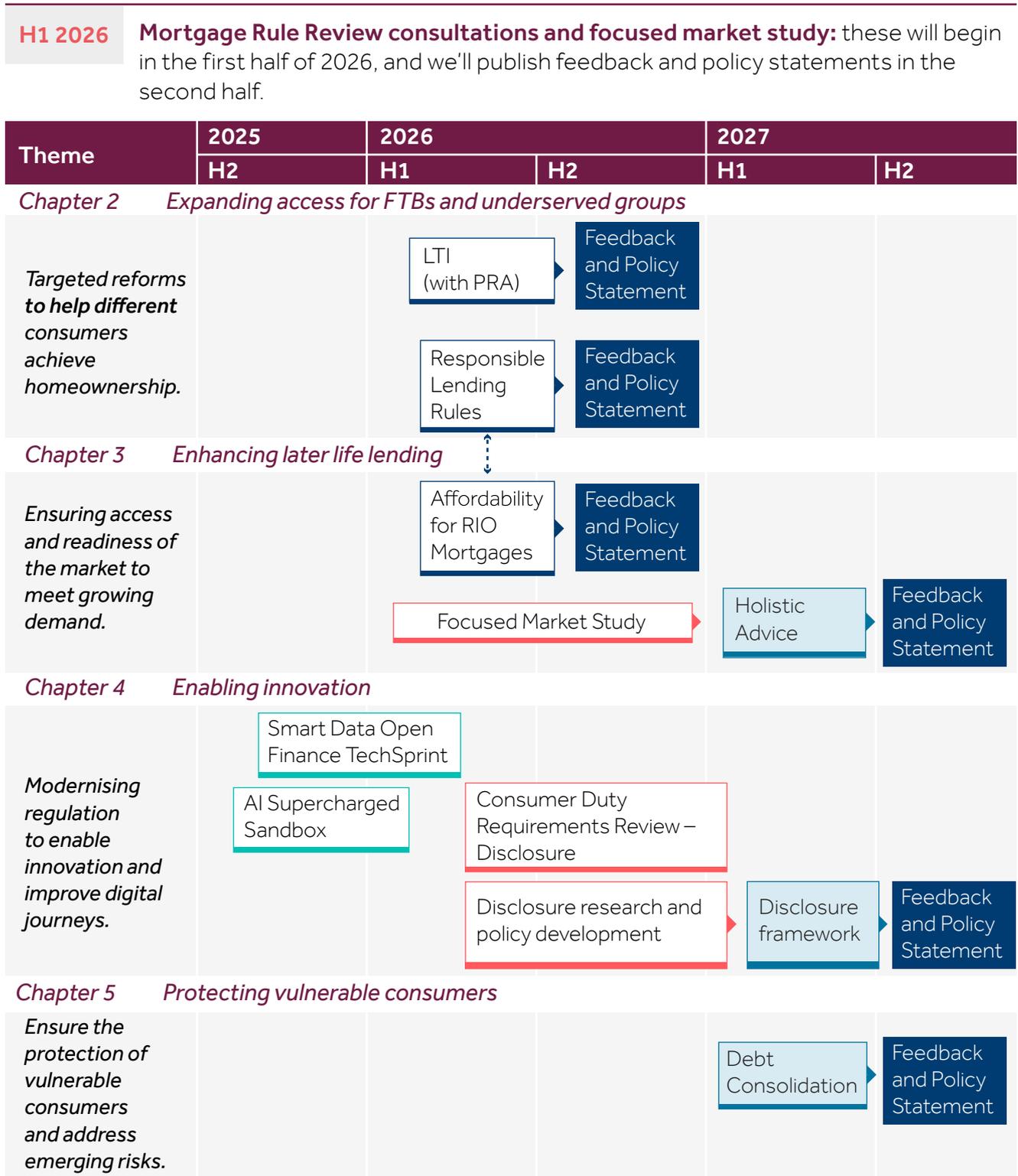
Firms' cultures:

[PS25/23: Tackling non-financial misconduct in financial services](#)

[Culture is contagious \(speech\)](#)

Timeline

Our indicative timelines of key start dates are set out below. Plans may change if we have new priorities or existing priorities change scope.



Key: Planned consultation Possible consultation Feedback and Policy Statement (new rules subject to outcome of consultation) Innovation Services

H1 2026

Modernising the redress framework and external redress guidance: joint FCA/ Financial Ombudsman Service policy statement and further consultation in H1 2026

Consumer Duty scope and distribution chain: publish a supervisory consultation on the application and requirements of the Consumer Duty, including through distribution chains in mid-2026.

Senior Managers and Certification Regime: working with the Treasury and the PRA, review the efficiency and effectiveness of the SMCR.

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