

## Financial Services Consumer Panel

### Mortgage Arrears Research - June 2009

#### Key messages

- In March 2009 the Consumer Panel undertook research which aimed to find out more about the level, and sources, of advice sought by consumers who had fallen into arrears on their mortgage. This research was divided into two distinct streams as follows:
  - The research agency TNS added some questions to its face-to-face omnibus survey which looked to establish whether consumers in arrears sought advice; if so, who they sought it from and; if not, why not.
  - The consumer forum on the website [www.moneysavingexpert.com](http://www.moneysavingexpert.com) asked users of the site to provide feedback on their experiences of asking for and receiving mortgage arrears advice.
- The quantitative research conducted by TNS ran in 14 separate waves, interviewing a total of 8,587 consumers over a two month period. Of those some 3% had been experiencing difficulty meeting their mortgage payments at some point over the last 3 months. This number – 265 consumers – were then asked the subsequent questions about their experiences in seeking advice. The relatively small size of the sample means that findings from this element of the research should be treated as indicative rather than statistically representative.
- The discussion thread which formed the basis of the qualitative research was live on the website for approximately 2 and a half months and in that time drew in meaningful responses from around 40 separate consumers.
- Combining the results from the quantitative and qualitative streams the Panel then commissioned a report which sought to draw some meaningful conclusions.
- There were several key findings:
  - Nearly half of all consumers (41%) experiencing difficulty meeting their mortgage payments did not seek advice.
  - Of those consumers in arrears who did seek advice the most common source of that advice was from the mortgage lender (65%). Consumers' experiences of advice from this source was mixed. Some felt that their mortgage lender was unhelpful and inflexible whereas others felt that their provider could reasonably have done no more to help them.
  - The major barrier to those in arrears seeking advice appeared to be less about the level of awareness of the available options, only one in ten (11%) said they did not know who to ask) but came more from a belief that the issue was not serious enough – one in eight (13%) of the total sample
  - Those living in the south showed a lower propensity to get advice.

- From these findings we can therefore draw several conclusions.
  - More consumers could be usefully using the advice services available to them.
  - Mortgage lenders need to be live to the needs of their customers. Should customers find themselves in arrears they will be the most likely source for advice. Communication with the mortgage provider through the arrears process is key – respondents cited regular updates to keep lenders informed of their financial situation as the most effective method of ensuring reasonable treatment.
  - Mortgage lenders have a duty to inform their customers about the independent sources of advice available to them and ensure that such services are not seen only as a last resort. Providers themselves may stand to benefit if their customers are better advised.
  - Communication messages about advice need to take particular account of the needs of older people and those on the edges of society. The FSA should consider how these messages should be best transmitted, whether through a targeted campaign for instance.
- The full report is available on the Consumer Panel website: [www.fs-cp.org.uk](http://www.fs-cp.org.uk)