

STATES OF JERSEY



MORTGAGE REPAYMENT ASSISTANCE

Lodged au Greffe on 27th June 2023
by Deputy G.P. Southern of St. Helier Central
Earliest date for debate: 18th July 2023

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to request the Chief Minister, in consultation with the Minister for Treasury and Resources, to engage with local mortgage and credit providers with a view to those providers supporting consumers who are struggling to make repayments by –

- (a) allowing borrowers to reduce their monthly repayments by extending their mortgage term or switching to interest-only repayments; and
- (b) ensuring that homes will not be repossessed until 12 months after a borrower misses a mortgage payment.

DEPUTY G.P. SOUTHERN OF ST. HELIER CENTRAL

REPORT

In the UK there are some 2.4 m fixed-rate homeowner mortgage deals due to expire by the end of 2024 and with average 2-year deals now above 6% many could see their interest rate triple over the coming months.

Analysis by the Public First consultancy found that the impact of mortgages could be far in excess of the surge in energy bills for certain households. Those with typical-sized mortgages in London and the home counties, could easily see their mortgage rise by £5,000 or more per year compared to 2020-2021 when many will have last fixed their rate.

These sorts of figures will clearly apply to house prices in Jersey and will be most marked amongst those under the age of 45 whose interest payments are a higher proportion of their mortgage, and indeed of their living expenses. Whilst the government can do nothing about the Bank of England's base rate, it can and should do what it can to mitigate the short-term local hardship that may ensue.

Financial and manpower implications

There is minimal financial impact for the Government as a result of this proposition. There may be officer and Minister time in relation to negotiations, but again, this is not expected to be excessive.