

23.07.17

12 Deputy G.P. Southern of the Minister for Treasury and Resources regarding mortgage rates (OQ.160/2023)

Further to Oral Question 138 of 2023 and any further discussions with the Fiscal Policy Panel and stakeholders, will the Minister state whether it remains the case that most Jersey mortgage holders have 5-year fixed-rate mortgages and are unaffected by U.K. base rate rises and that some 4 per cent of households may need to remortgage? Will he advise what proposals in this area the Cost of Living Ministerial Group is pursuing for the Government Plan?

[16:15]

Deputy I.J. Gorst (The Minister for Treasury and Resources):

Recently, the Assistant Chief Minister wrote to the Island's banking sector to ensure they match the recent undertakings of U.K. banks to mortgage holders and offer as much help to Islanders with mortgages as possible. The cost of living group also continues to monitor that situation. Clearly, as time goes on, then more Islanders will be in need of renegotiating their mortgage deals as they come off their older fixed rates. However, as previously reported, Islanders were largely cushioned by fixed 5-year terms. It is difficult to know the exact number of mortgages but it will still likely be low, perhaps 10 to 15 per cent of all mortgages.

The Deputy Bailiff:

A supplementary?

Deputy G.P. Southern:

No, thank you. I think that has answered my question.

4.12.1 Deputy M. Tadier:

Can we just ask in real terms what 10 to 15 per cent of those mortgages looks like? What numbers of households are we talking affected by this?

Deputy I.J. Gorst:

I do not have those details with me but I can certainly ... I am just going to hesitate before I make a commitment. If we have those numbers, I will provide them to the Deputy.

4.12.2 Deputy M. Tadier:

I suppose the follow-up is that we know the percentage terms, but even though it is a relatively small number does he agree that for those households who are facing this issue at the moment it is going to be particularly worrying for them? Will the Minister make sure that those families are kept in the loop and any additional support not just from the banks but from Government that can be given in terms of advice is also offered?

Deputy I.J. Gorst:

We absolutely accept that for some families high interest rates will be difficult because when resetting their mortgage their monthly payments will or may have substantially increased. The reality is that the best placed organisation to support families who are struggling with payments are the banks, and that is why the Assistant Chief Minister wrote in the terms that she did only I think about a fortnight ago.

4.12.3 Deputy G.P. Southern:

I have my supplementary at last. Will the Minister assure Members that the Government will continue to act as the insurer of last resort in the sense that help for anyone who needs it with mortgage problems in this current time should be able to turn to the Government and not just the mortgage companies themselves?

Deputy I.J. Gorst:

I do not think the Government should be the insurer of last resort when it comes to mortgages. The appropriate approach is the one that the Assistant Chief Minister has taken, which is Government ensuring and keeping in communication and talking to banks so that no family is put in a position where they lose their house because of difficulties with mortgage repayments.