

**Statistics on mortgage and  
landlord possession actions  
in the county courts in  
England and Wales  
October to December 2012**

Ministry of Justice  
Statistics bulletin

Published: 14 February 2012



# Contents

Executive Summary	4
Introduction	6
Mortgage possession actions	8
Landlord possession actions	8
Annex A: Description of the possession process	17
Annex B: Policy changes	19
Annex C: Methodological annex	21
Annex D: Estimating the proportion of claims that lead to orders, warrants or repossessions	25
Contact points for further information	29

# Executive Summary

## Mortgage possession actions, October to December 2012

**Possession claims issued:** There were 14,130 mortgage possession claims, continuing the downward trend since 2008. This fall in the number of claims coincides with lower interest rates and a more proactive approach from lenders in managing consumers in financial difficulties, and various interventions, such as introduction of the Mortgage Pre-Action Protocol.

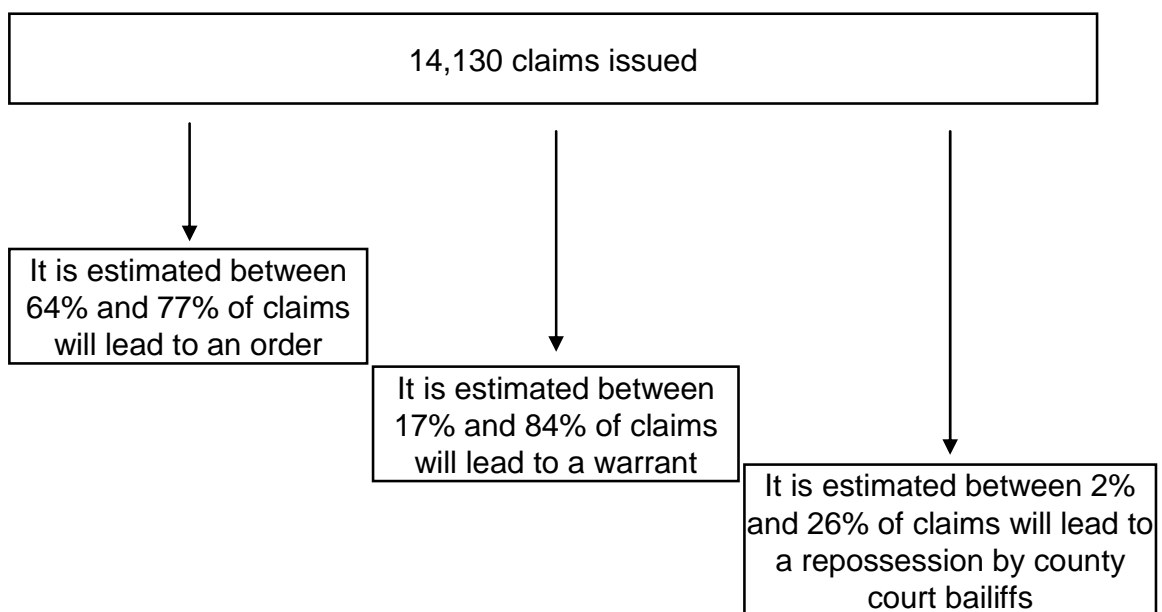
**Possession claims issued leading to orders:** There were 10,141 claims which led to a mortgage possession order, which also continues the downward trend since 2008.

**Warrants of possession:** There were 7,581 claims leading to warrants of possession, continuing the downward trend from 2009.

**Total repossessions (July – September 2012):** There were 8,200 mortgage repossessions in the third quarter of 2012. As with warrants, the most recent results show a downward trend from 2009. As part of total repossessions, there were 4,120 repossessions by county court bailiffs.

As well as the number of claims, orders, warrants and repossessions that were issued in the latest quarter, the proportion of claims that were issued in the latest quarter that are estimated to lead to orders, warrants and repossessions is shown in Figure 1.

**Figure 1: Estimated percentage of mortgage claims issued in Q4 2012 that will lead to orders, warrants and repossessions by county court bailiffs in England & Wales**



## Landlord possession actions, October to December 2012

**Possession claims issued:** There were 38,934 landlord possession claims issued, continuing the moderate upward trend since 2010.

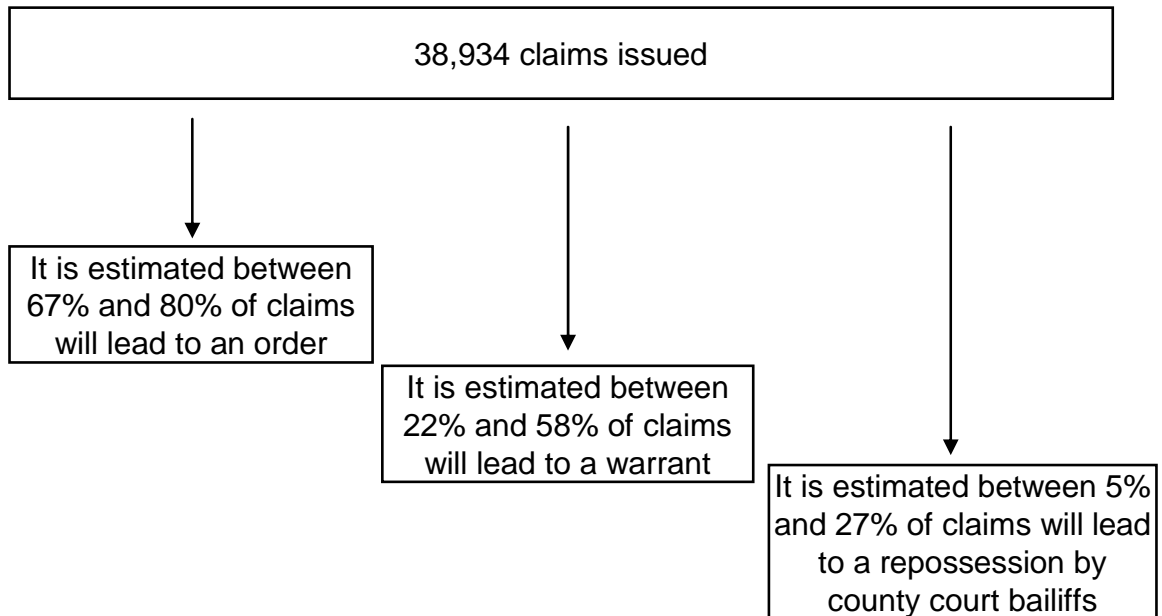
**Possession claims issued leading to orders:** There were 27,173 landlord possession claims which led to an order, also continuing the upward trend since 2010.

**Warrants of possession:** The number of warrants issued was 14,506 continuing the upward rise since 2008.

**Repossession by county court bailiffs:** There were 8,668 landlord repossessions also continuing the upward trend since 2010.

As with mortgages, as well as the number of claims, orders, warrants and repossessions that were issued in the latest quarter, the proportion of claims that were issued in the latest quarter that are estimated to lead to orders, warrants and repossessions is shown in Figure 1.

**Figure 2: Estimated percentage of landlord claims issued in Q4 2012 that will lead to orders, warrants and repossessions by county court bailiffs in England & Wales**



## Introduction

This quarterly bulletin presents the latest statistics on the numbers of mortgage and landlord possession actions in the county courts of England and Wales. The statistics provide summary figures on the volume of cases that follow the court process of possessing a property.

The court process of possessing a property follows broadly four stages:

- a claim being issued by a landlord or mortgage lender,
- an order being made by the County Court,
- a warrant being issued,
- repossession by a County Court Bailiff.

For more information on the process of possession of property please see Annex A. For information on recent policy changes, such as the Mortgage Pre-Action Protocol please see Annex B.

In 2011, mortgage and landlord possession claims formed an important part, 14 per cent, of the total number of claims issued in the county courts. They are also leading indicators of the number of properties to be repossessed and the only source of sub-national possession information. In addition to monitoring court workloads, the statistics in this bulletin are used to assist in the development, monitoring and evaluation of policy both nationally and locally.

### Statistics

This bulletin includes counts of the four main stages of the court process of possessing a property:

- the total number of claims;
- the total number of claims that lead to orders (broken down by outright and suspended orders);
- the total number of claims that lead to warrants; and,
- the total number of claims that lead to repossessions by county court bailiffs and the total number of actual repossessions (which include repossessions where there is no action by county court bailiffs) for the previous quarter. The actual repossessions are produced and published on the same day by the Financial Services Authority (FSA) and the Council of Mortgage Lenders (CML)<sup>1</sup>.

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<sup>1</sup> For more information go to [www.cml.org.uk/cml/statistics](http://www.cml.org.uk/cml/statistics)

Seasonally adjusted figures are presented in Annex C (Tables C1 and C2) to enable like-for-like comparisons over time. For details of the methodology used for the seasonal adjustment please see Annex C. Users of these data should take care when interpreting trends based on changes between quarters as the time series are volatile.

For the first time, the bulletin includes the latest estimates of the proportion of claims that led to an order, warrant or county court repossession. Also provided is a confidence interval around these estimates. Annex D explains the methodology behind these estimates.

### **Further information**

Supplementary statistical tables to this bulletin are available on the Ministry of Justice website at this location:

[www.justice.gov.uk/statistics/civil-justice/mortgage-possession](http://www.justice.gov.uk/statistics/civil-justice/mortgage-possession)

In addition, spreadsheets showing local authority level figures from 2000 to the latest quarter and court level figures from 1987 to the latest quarter can be obtained via the following webpage:

[www.justice.gov.uk/publications/statistics-and-data/civil-justice/mortgage-possession.htm](http://www.justice.gov.uk/publications/statistics-and-data/civil-justice/mortgage-possession.htm)

The county courts of England and Wales also process many other types of cases. The statistical bulletins “Court Statistics Quarterly” and “Judicial and Court Statistics” provide data on all civil and family law cases dealt with in the county courts on a quarterly and calendar year basis respectively:

[www.justice.gov.uk/publications/statistics-and-data/courts-and-sentencing/judicial-quarterly.htm](http://www.justice.gov.uk/publications/statistics-and-data/courts-and-sentencing/judicial-quarterly.htm)

[www.justice.gov.uk/statistics/courts-and-sentencing/judicial-annual-2011](http://www.justice.gov.uk/statistics/courts-and-sentencing/judicial-annual-2011)

If you have any feedback or questions about this statistical bulletin, or requests for further information, please direct them to the appropriate contact provided at the end of this report.

### **Change of name**

Regular readers of this bulletin should note that the name of the bulletin will, from the next publication, be changed to “Mortgage and landlord possession statistics quarterly”.

# Results

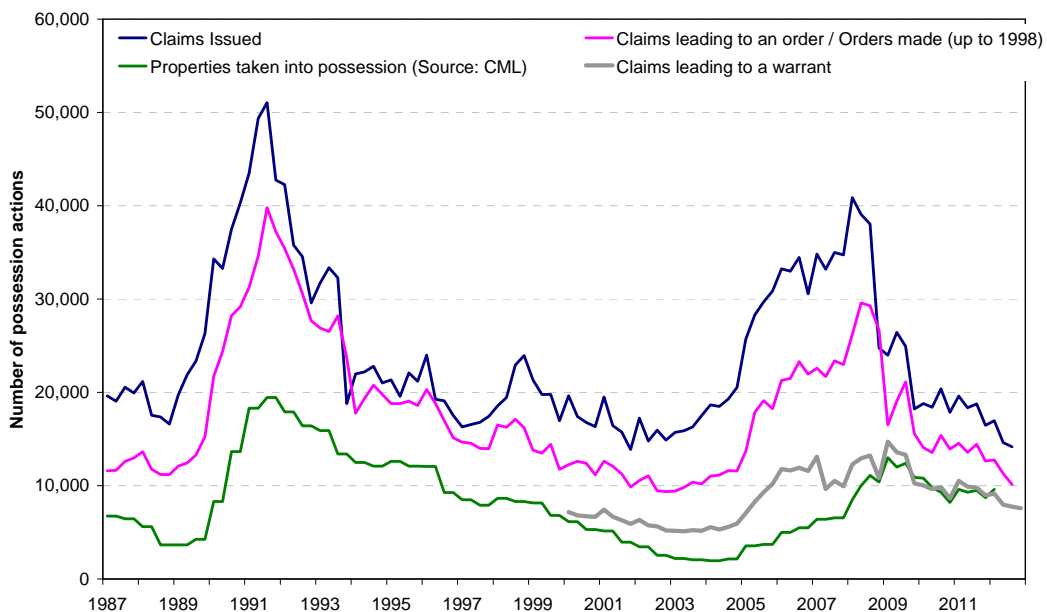
## Mortgage possession actions

**Claims issued:** A mortgage possession claim is created when a mortgage lender begins a legal action for an order for possession of property by making a claim, which is then issued in a county court.

There were 14,130 mortgage possession claims issued in the fourth quarter of 2012. This continues the downward trend since 2008, where the number of claims averaged 35,500 per quarter (see Figure 3 and Table 1).

This fall in the number of claims coincides with lower interest rates<sup>2</sup> and a more proactive approach from lenders in managing consumers in financial difficulties, and various interventions, such as introduction of the Mortgage Pre-Action Protocol (see Annex B for more information).

**Figure 3: Mortgage possession actions in England & Wales, 1990 to 2012 Q4**



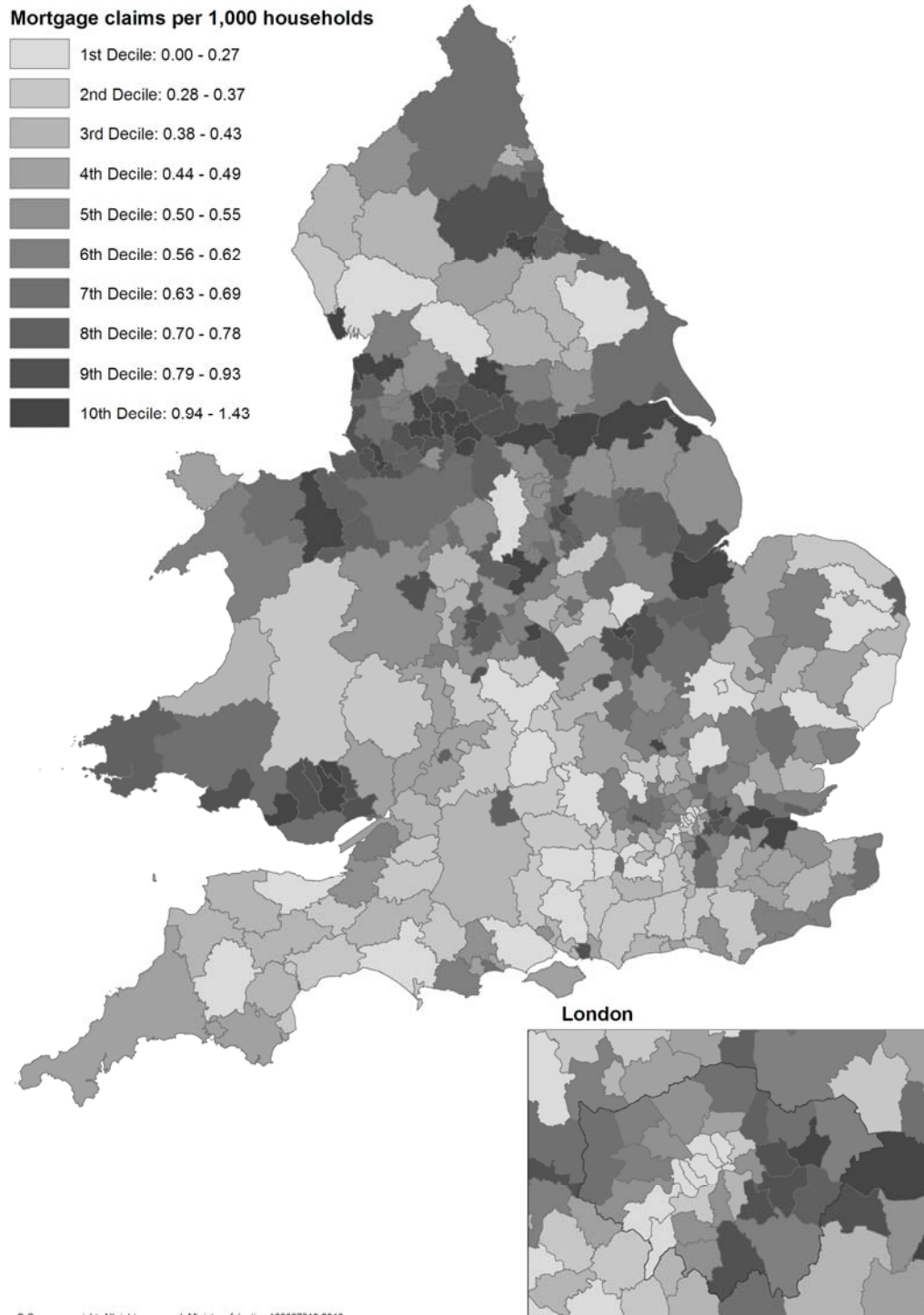
Across England and Wales the number of mortgage possession claims per 1,000 households (including mortgaged and rented) was 0.61 in the fourth quarter of 2012; the North West was the region with the highest rate (0.80) and the South West was the region with the lowest (0.45). At local authority level, Corby had the highest number of mortgage possession claims per

<sup>2</sup> At the end of September 2008, the base rate set by the Bank of England was 5 per cent. By the end of March 2009 it was 0.5 per cent, where it stayed for the rest of the period covered in this bulletin.



1,000 households (1.43) and Kensington and Chelsea had the lowest (0.19). Figure 4 shows the full geographical breakdown.

**Figure 4: Map showing the geographical distribution at local authority level of mortgage claims issued per 1,000 households, 2012 Q4**



**Notes:**

1. The number of possession claims per 1,000 households (including mortgaged and rented) are based on 2008 household estimates for England, published by the Department of Communities and Local Government, and 2010 estimates for Wales, published by the Welsh Assembly.
2. Each decile includes 10% of local authorities (based on the number of claims) in ascending order from the lowest number per 1,000 households (the 1st decile) to the highest (the 10th decile).

**Claims that lead to possession orders:** The court, following a judicial hearing may grant an order for outright possession. This entitles the claimant to apply for a warrant to have the defendant evicted, except in the case of suspended orders.

In the fourth quarter of 2012 there were 10,141 mortgage possession orders. Trends in the number of mortgage possession orders are very similar to mortgage possession claims; a downward trend has been seen since 2008, where the number of claims leading to orders averaged 27,900 per quarter (Figure 3 and Table 1).

Of mortgage possession orders made, 47 per cent (4,730) were suspended. This rate has remained stable around 49 per cent since the second quarter of 2011 after the upward trend seen since the first half of 2010.

The most recent available estimate (2012 Q2) is that between 64 and 77 per cent of claims led to an order. This figure rose from between 60 and 65 per cent in 2002 to around 75 per cent in 2010, then fell back in 2011. (Please see Annex D for more information on how this figure is calculated).

Across England and Wales the number of mortgage possession claims leading to orders per 1,000 households (including mortgaged and rented) was 0.44 in the fourth quarter of 2012; the North West region had the highest rate (0.60) and the South West and South East region had the lowest (0.31). At local authority level, Rossendale had the highest number of mortgage possession claims leading to orders per 1,000 households (1.18), while Islington and Kensington and Chelsea had the lowest (0.09).

**Warrants of possession:** Having received an order, or if the terms of a suspended order are broken, the claimant can apply for a warrant of possession.

There were 7,581 claims leading to warrants of possession. Warrants of possession rose from 2002 to 2009, then fell in 2010 and stabilised in 2011. Trends in the number of warrants of possession relating to mortgages are somewhat similar to those in orders issued and, as in mortgage possession orders, the most recent results in 2012 show a downward trend.

The proportion of claims that led to warrants shows a similar pattern, rising from 2002 to mid-2010 and then falling back in 2011.

**Repossessions by county court bailiffs:** Once a warrant has been issued county court bailiffs can repossess the property on behalf of the claimant.

There were 4,120 repossessions by county court bailiffs in the fourth quarter of 2012, the lowest quarterly figure presented. This continues the downward trend seen since 2008.

The proportion of claims that led to county court bailiffs show a similar pattern to warrants, rising from 10 per cent in late 2002/early 2003 nearly 30 per cent to mid-2010 and then falling back in 2011.

**Actual repossessions:** The most recent available information on actual mortgage repossessions, reported by the Council of Mortgage Lenders, is from the third quarter of 2012<sup>3</sup>. This figure includes repossessions carried out by county court bailiffs, but also includes other repossessions.

8,200 homes were repossessed in the third quarter of 2012. Between 2004 and 2009, the number of repossessions increased sharply. Between 2009 and 2010 it fell sharply and has remained approximately stable since then, a trend which continues in the most recent results.

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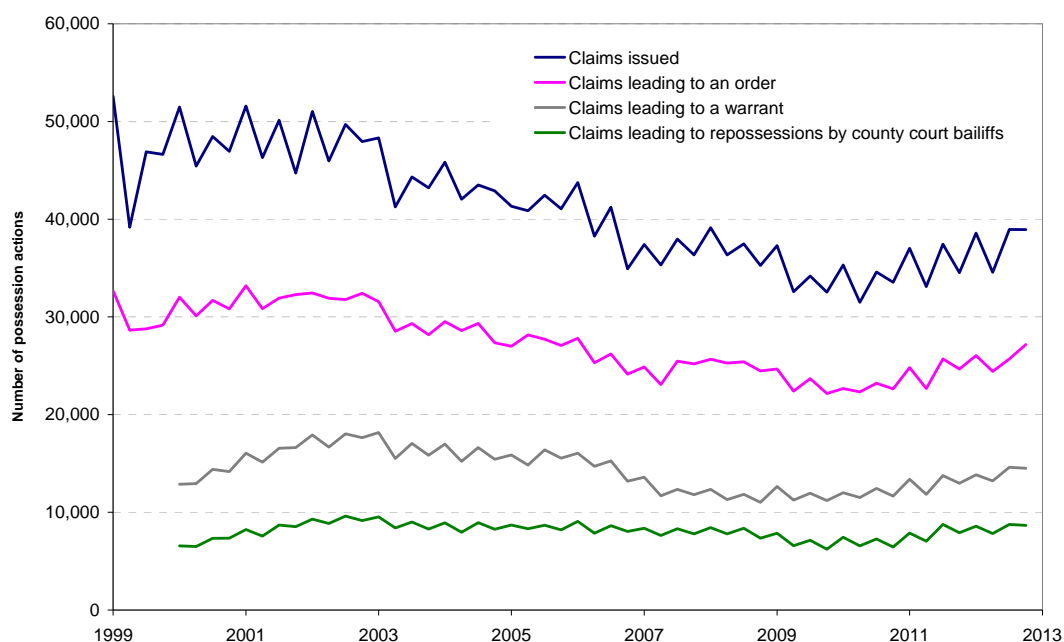
<sup>3</sup> Please see the CML website [www.cml.org.uk/cml/statistics](http://www.cml.org.uk/cml/statistics) for more information about the CML statistics.

## Landlord possession actions

**Claims issued:** A landlord possession claim is created when a claimant, either a social or private landlord, begins a legal action for an order for possession of property by issuing a claim in a county court.

There were 38,934 landlord possession claims issued in the fourth quarter of 2012. This continues the moderate upward trend seen since the second half of 2010, which followed a long downward trend from 2002 (Figure 5 and Table 3).

**Figure 5: Number of landlord possession actions in England & Wales, 1999 to 2012 Q4**

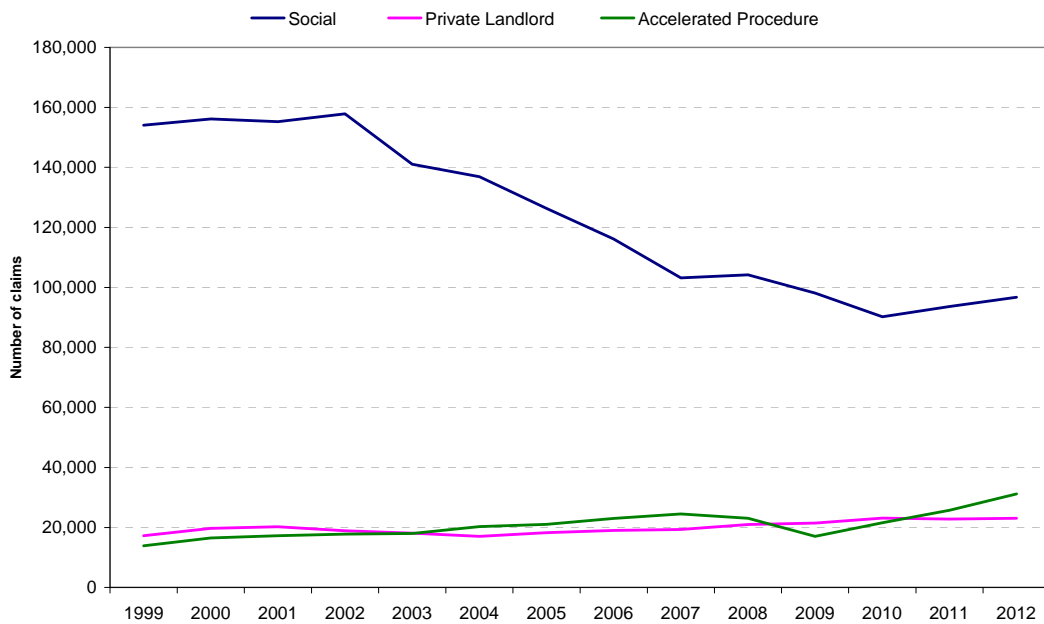


The accelerated possession procedure is used by landlords in relation to assured shorthold tenancies, when the fixed period of tenancy has come to an end. It enables orders to be made by the court solely on the basis of written evidence and without calling the parties to a hearing.

In the fourth quarter of 2012, a total of 25,663 landlord claims were brought by social landlords under the standard procedure, 5,357 landlord claims were brought by private landlords under the standard procedure and 7,914 landlord claims were brought under the accelerated procedure for shorthold tenancies.

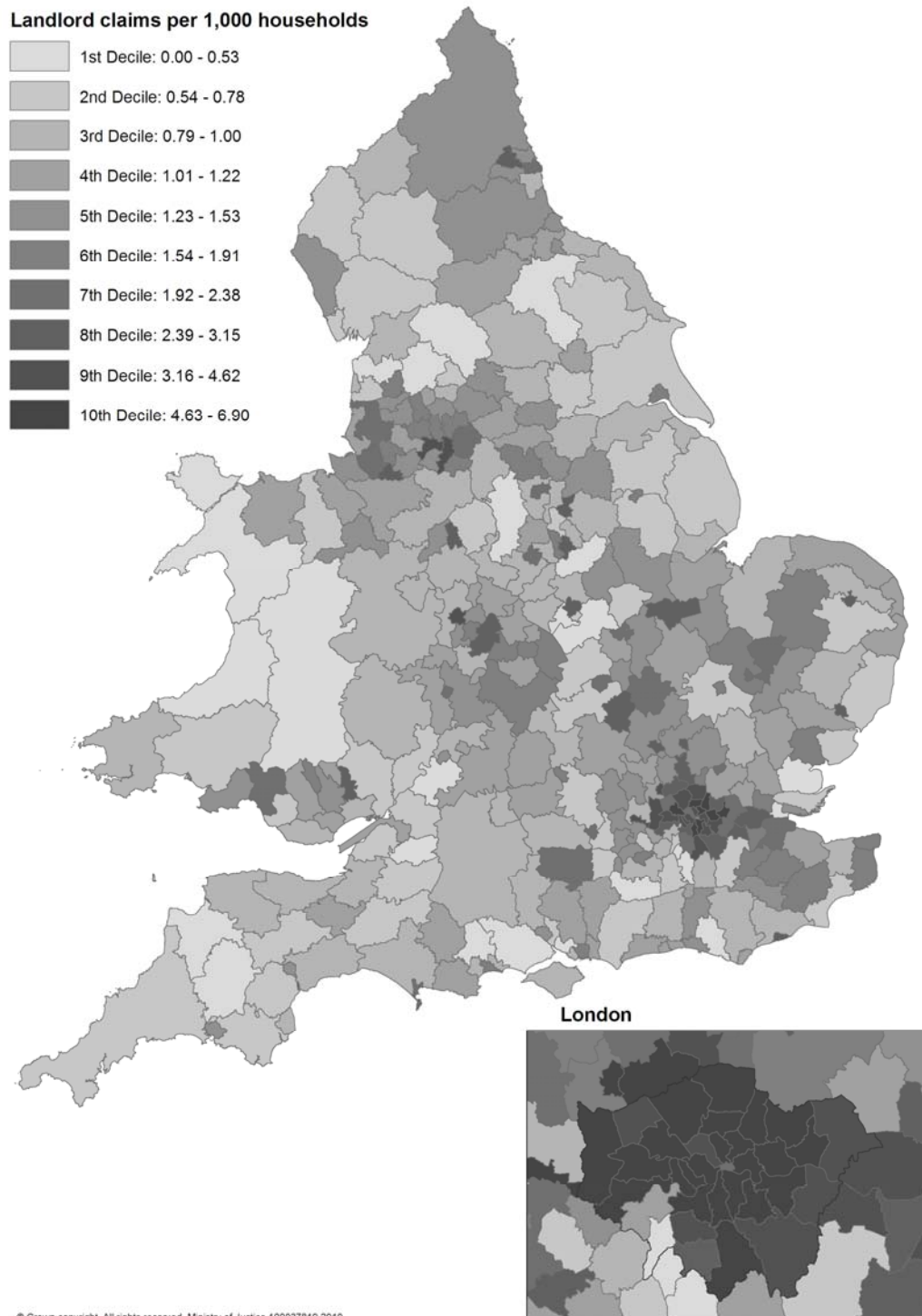
There has been a decline in the number of possession claims brought by social landlords under the standard procedure since 2002, whilst the number of both possession claims brought by private landlords and under the accelerated procedure increased slightly (Figure 6 and Table 5).

**Figure 6: Number of landlord possession claims in England & Wales by type of procedure and landlord, 1999 – 2012**



Across England and Wales the number of landlord possession claims per 1,000 households (including mortgaged and rented) was 1.69; London was the region with the highest rate (3.75) and the South West was the region with the lowest (0.89). At local authority level, Haringey had the highest number of landlord possession claims per 1,000 households (6.90) and Derbyshire Dales had the lowest (0.27). Figure 7 shows the full geographical breakdown.

**Figure 7: Map showing the geographical distribution at local authority level of landlord claims issued per 1,000 households, 2012 Q4**



**Notes:**

1. The number of landlord possession claims per 1,000 households (including mortgaged and rented) are based on 2008 household estimates for England, published by the Department of Communities and Local Government, and 2010 estimates for Wales, published by the Welsh Assembly.
2. Each decile includes 10% of local authorities (based on the number of landlord claims) in ascending order from the lowest number per 1,000 households (the 1<sup>st</sup> decile) to the highest (the 10<sup>th</sup> decile).

**Claims that lead to possession orders:** As with mortgages, the court, following a judicial hearing (or judicial involvement in accelerated procedure cases) may grant an order for possession immediately. This entitles the claimant to apply for a warrant to have the defendant evicted, except in the case of suspended orders.

In the fourth quarter of 2012 there were 27,173 landlord possession claims that led to an order being made, continuing the upward trend since 2010 (Figure 5 and Table 3).

Of landlord possession claims that led to an order being made, 44 per cent were suspended. Since the second quarter of 2010 the proportion has been between 41 and 45 per cent.

The most recent available estimate (2012 Q2) is that between 67 and 80 per cent of claims led to an order. This figure has risen in the last couple of years. Between 2000 and 2006 it remained stable at around 66 per cent, then between 2007 and 2010 it remained stable at around 68 per cent and has been above 68 per cent since then (Table 4). (Please see Annex D for more information on how this figure is calculated).

In the fourth quarter of 2012, a total of 17,332 landlord claims that led to an order were brought by social landlords under the standard procedure, 3,691 landlord claims were brought by private landlords under the standard procedure and 6,150 landlord claims were brought under the accelerated procedure for shorthold tenancies.

As with claims, there has been a decline in the number of possession claims leading to orders brought by social landlords under the standard procedure since 2002, whilst the number of both possession claims leading to orders brought by private landlords and under the accelerated procedure has increased slightly (Table 6).

Across England and Wales the number of landlord possession claims leading to orders per 1,000 households (including mortgaged and rented) was 1.18 in the fourth quarter of 2012; London was the region with the highest rate (2.40) and the South West was the region with the lowest (0.69). At local authority level, Newham had the highest number of landlord possession claims per 1,000 households (4.96) and Rushcliffe had the lowest (0.23).

**Warrants of possession:** Having received an order, or if the terms of a suspended order are broken, the claimant can apply for a warrant of possession.

There were 14,506 claims leading to warrants of possession issued in the fourth quarter of 2012. The number of warrants of possession fell between 2002 and 2008 and then rose from 2009. The latest results continue the upward trend.

The most recent estimate is that between 22 and 58 per cent of claims led to warrants. Since 1999 the proportion of claims that led to warrants has generally stayed between 30 and 40 per cent.

**Repossessions by county court bailiffs:** Once a warrant of possession has been issued, county court bailiffs are then authorised to evict the tenant from the property.

In the fourth quarter of 2012 there were 8,668 claims leading to landlord repossessions. The number of landlord repossessions by county court bailiffs fell from 2002 to 2010. Since 2010 repossessions have been rising and the latest figures continue that upward trend.

It should be noted that repossessions may occur without county court bailiffs carrying out the repossession if the tenant leaves the property on a 'voluntary' basis so the total number of repossessions is greater than the number presented in this bulletin.

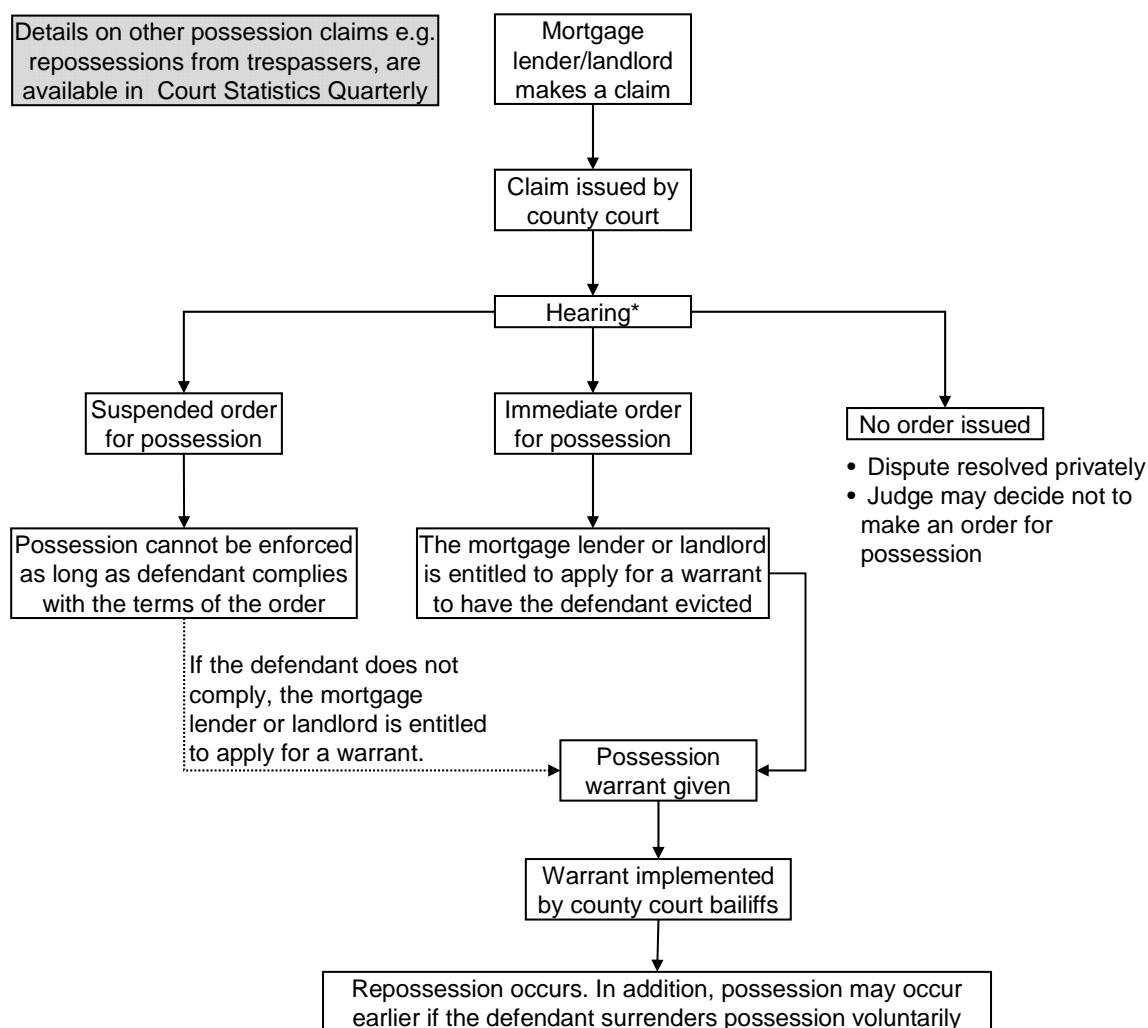
The most recent estimate is that between 5 and 27 per cent of claims led to county court bailiff repossessions. Since 1999 the proportion of claims that led to warrants has generally stayed between 15 and 25 per cent.



## Annex A: Description of the possession process

In England and Wales the process of possessing a property by a landlord or a mortgage lender is carried out by the county courts after all other avenues have been exhausted. This section describes the court process of possessing a property in detail and Figure A1 provides a summary.

**Figure A1: The court process of possessing a property**



To obtain a court order granting the entitlement to take possession of a property, a claimant – a mortgage lender or a landlord – must first make a claim which is then issued by a county court. Generally, the issuing process involves the arrangement of an initial hearing before a judge. At such a hearing, a judge may:

- grant an order for outright possession of the property at a date decided by the judge;
- grant a suspended order for possession of the property; or,
- grant no order for possession (e.g. after deciding the claimant has no legal right to take possession of the property).

The suspended order for possession of the property usually requires the defendant to pay the latest mortgage or rent instalment, plus some of the arrears that have built up, within a certain defined period. As long as the defendant complies with the terms of the suspension, the possession order cannot be enforced.

More than one order may be granted during the course of an individual case. For example, it is possible that after an initial possession order is granted, the defendant may make an application to the court for the order to be varied or set aside, which could then result in another order being made.

A granted order entitles the claimant to apply for a warrant to have the defendant evicted by bailiffs, so taking possession of the property. Only then does repossession occur. Actual repossession figures (including voluntary repossessions such as where the mortgagee or tenant hands back the keys) are only available for mortgages and are compiled by the Financial Services Authority (FSA) and the Council of Mortgage Lenders (CML).

Throughout the court process, even where a warrant for possession is issued, the claimant and defendant can still negotiate a compromise arrangement to prevent eviction.

## Annex B: Policy changes

### **Introduction of Mortgage Pre-Action Protocol**

A Mortgage Pre-Action Protocol (MPAP), approved by the Master of the Rolls, for possession claims relating to mortgage or home purchase plan arrears came into effect on 19 November 2008. The protocol applies to mortgage arrears on:

- First charge residential mortgages and home purchase plans regulated by the Financial Service Authority under the Financial Services and Market Act 2000;
- Second charge mortgages for residential property and other secured loans regulated under the Consumer Credit Act 1974 on residential property; and
- Unregulated residential mortgages.

The Protocol gives clear guidance on what the courts expect lenders and borrowers to have done prior to a claim being issued. The main aims of it were to ensure that the parties act fairly and reasonably with each other in any matters concerning the mortgage arrears, to encourage more pre action contact between lender and borrower and to enable efficient use of the court's time and resources.

The introduction of the MPAP coincided with a fall of around 50 per cent in the daily and weekly numbers of new mortgage repossession claims being issued in the courts as evidenced from administrative records. As orders are typically made (when deemed necessary by a judge) around 7 weeks (using 2011 data) after claims are issued, the downward impact on the number of mortgage possession claims leading to an order being made was seen in the first quarter of 2009.

It has not been possible to adequately quantify the long term impact of the MPAP. This reflects the lack of a good comparator (although the MPAP was not introduced in Scotland, the big lenders in Scotland also operate south of the border and so lender behaviour is likely to be the same as in England and Wales), and the existence of other factors such as changing economic conditions, other measures introduced shortly after the MPAP, and lenders desire to minimise their losses.

The large fall in mortgage possession actions may have had an impact on the quality of the seasonal adjusted figures. The purpose of seasonal adjustment is to remove the impact of seasonal effects from a time series to give a better view of the overall trend. When there is a large and sudden step change in a series, such as has been seen in the fourth quarter of 2008 for claims and the first quarter of 2009 for claims leading to orders, it is more difficult for seasonal adjustment methodologies to reliably separate trend from seasonal effects. To mitigate against this we have disregarded these large falls by adjusting the series to remove the estimated impact of them when attempting to identify seasonal effects. However seasonal adjustment factors are, by necessity, still being calculated using data from both before

and after the large fall. There may be differences in the scale and nature of seasonal effects between these two periods, and errors associated with estimation of the large downward shifts. These may negatively impact on the quality of the seasonal adjustments made, although this is not possible to quantify.

More details about the protocol can be viewed using the link:

[www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/protocols/prot\\_mha.htm](http://www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/protocols/prot_mha.htm)

## Annex C: Methodological annex

### **Annual estimate of percentage of claims which lead to an order**

This figure is produced by dividing the total number of first orders made in a yearly period by the total number of claims issued for a yearly period starting eight weeks before. So, for example, for 2011, the total number of claims made that lead to an order is from the January to December 2011 period, but the total number of claims issued is from November 2010 and October 2011 period. The eight-week lag allows time for the courts to process the claim, eight weeks being the median time between claims and orders. These statistics are labelled as estimates because they rely on all orders being made within eight weeks of a claim being issued; in fact, there is considerable variation around the median.

### **Changes to the definition of the number of possession orders made**

From the 2009 April to June bulletin, the number of possession claims that lead to an order replaced the straight count of possession orders. This measure was deemed to be more accurate, removing the double-counting of instances where a single claim leads to more than one order. It is also a more meaningful measure for the number of homeowners who are subject to court repossession actions.

Figures have been derived under the new counting basis back to 1999. Prior to 1999 the possession orders count was provided on the old basis as it could not be calculated using the new measure. More information about the new definition, including a comparison of the old and new counts can be found in the table in the bulletin for the second quarter of 2009.

More information about the new definition can be found in the following document:

- A statistical notice announcing the change following the consultation of users published on 4 August 2009:  
[www.justice.gov.uk/downloads/publications/statistics-and-data/civiljustice/mortgage-landlord-possession-stats-notice.pdf](http://www.justice.gov.uk/downloads/publications/statistics-and-data/civiljustice/mortgage-landlord-possession-stats-notice.pdf)

### **National Statistics**

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and,

- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

## **Revisions**

The figures for the latest quarter are provisional, and are therefore liable to revision to take account of any late amendments to the administrative databases from which these statistics are sourced. The standard process for revising the published statistics to account for these late amendments is as follows. An initial revision to the statistics for the latest quarter may be made when the next edition of this bulletin is published. Final figures for this quarter, and for other quarters in the same calendar year, will be published when statistics for the first quarter of the following year are initially released.

## **Further breakdowns available on request**

Local authority statistics are presented in this bulletin, with Westminster Parliamentary Constituency and Ward level statistics for 2011 were published on 8th March 2012. Quarterly possession court actions data are available on request for the following geographies:

- Government Office Regions;
- Westminster Parliamentary Constituencies (prior to 2011);
- Urban and Rural classifications; and,
- Outbound Postcodes (e.g. SW1H).

Annual data (prior to 2011) are also available. Data for other geographical areas are not currently available.

## **Confidentiality**

In order to protect the confidentiality of personal and corporate information, the Ministry of Justice operates a disclosure control policy when responding to requests for these sub-national statistics. Counts of less than 5, including zero, are suppressed. Percentage changes between two periods are not provided where there are less than 30 cases in the earlier period. Figures for time periods other than calendar quarters and annual totals will not be provided.

## **Seasonal adjustment**

Seasonally adjusted figures are provided as well as non-seasonally adjusted information, to provide a clearer picture of the underlying behaviour of the data series after removal of seasonal or other calendar influences. The seasonal adjustment models are implemented using the software package X12 ARIMA, the standard tool used for this purpose in government statistics. These figures are provided in Tables C1 and C2.

The two sets of figures serve distinctly different purposes. In broad terms, the unadjusted figures are the count of the actual number of possession actions in a given period, while the seasonally-adjusted figures give a better and more meaningful picture of changes over time.

### **Production process and quality assurance procedures**

The statistics on county court possession actions relating to 1999 onwards have been produced using the Ministry's Management Information System (MIS). This is a data warehousing facility drawing data directly from the main administrative system in the county courts, CaseMan, and Possession Claim OnLine (PCOL). PCOL was launched in October 2006 to enable claimants to make possession claims via the internet. Court staff are required to use these systems to record summary details in managing these cases, and they obtain benefits from doing so as for instance the systems make the process of drawing a court order relatively quick and easy. The systems therefore contain accurate and complete details of the incidence and dates of all new claims and orders made in these claims. Statistical quality assurance procedures include the identification and removal of duplicate entries for the same event in a case, and checks that the latest data are consistent with previously obtained data for each county court. The statistics prior to 1999 are manual counts supplied by the county courts each month and are consequently less robust.

### **Other sources of statistics**

The numbers of actual repossessions (including where there is no action by county court bailiffs) are produced by the Financial Services Authority (FSA) and the Council of Mortgage Lenders (CML). The statistics shown for "properties taken into possession" in Figure 1 and Table 1 are published figures from the CML, which is an industry body representing around 94 per cent of the UK residential lending industry. It should be noted that:

- The Ministry statistics on court actions cover England and Wales only. CML statistics cover the whole of the UK.
- CML statistics on actual possessions include properties surrendered voluntarily.
- Given the time lags involved, some of the court orders for the possessions shown by CML may have been granted in earlier time periods.
- Mortgage possessions counted in the CML statistics mainly relate to the non-repayment of loans which are secured as a "first charge" against the property. The large majority of "second charge" lending (any loan secured on a property where a separate first charge loan already exists) falls outside the CML's membership, therefore any resulting repossessions will not be counted in their figures.

More details about the differences between mortgage possession data published by the Ministry (in this bulletin), the CML and the Financial Services Authority can be viewed at the link:

[www.justice.gov.uk/downloads/publications/statistics-and-data/civiljustice/mortgage-lending-stats-note.pdf](http://www.justice.gov.uk/downloads/publications/statistics-and-data/civiljustice/mortgage-lending-stats-note.pdf)

A [comprehensive review](#) of statistics relating to the housing market has been published by the Office for National Statistics.

### **Symbols and conventions**

The following symbols have been used throughout the tables in this bulletin:

(p) = Provisional data

(r) = Revised data



## Annex D: Estimating the proportion of claims that lead to orders, warrants or repossessions

### Introduction

The approach used in this bulletin is to track how claims turned into orders, warrants and repossessions over time. For example, using data between 1999 and 2010, the number of mortgage orders made within six months of the claims being issued was found to be around 10 per cent more than the number of mortgage orders within three months of the claim being issued, and the number of mortgage orders made within 12 months of the claim being issued was around six per cent more than the number of mortgage orders made within six months of the claims being issued, and so on. By tracking the number of orders, warrants and repossessions derived from a cohort of claims at different periods of time after the claims have been issued, the typical increase in the number of orders, warrants and repossessions can be estimated.

With this information, it is possible to use the number of orders, warrants and repossessions that occurred a few months after a cohort of claims to estimate the final number of orders, warrants and repossessions derived from that cohort of claims.

It is useful to estimate the proportion of claims that lead to orders, warrants or repossessions for three reasons:

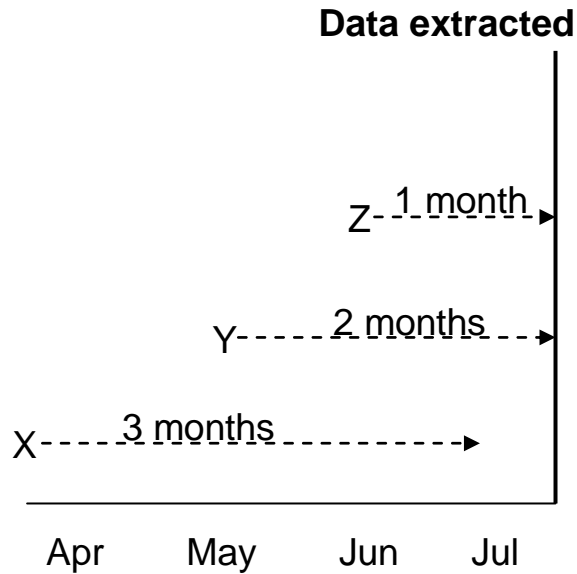
- If the proportion changes over time this can have an important impact on the workload of the county courts and enables the number of orders, warrants and repossessions that a specific quarter of possession claims will cause, to be forecast months and even years in advance.
- The proportion of claims that lead to orders, warrants and repossessions is an important indicator of how successful parties are being in resolving issues of debt relating to mortgage and landlord outside of the court-room process.

### Timing of the data extraction

An additional factor to take account of is that the data must be extracted from the database. Extraction is done on a quarterly basis to support the production of this bulletin. When the data is downloaded the full amount of time may not be available for claims to lead to orders, warrants and repossessions, which distorts downwards the number of orders, warrants and repossessions the cohort of claims appears to have generated.

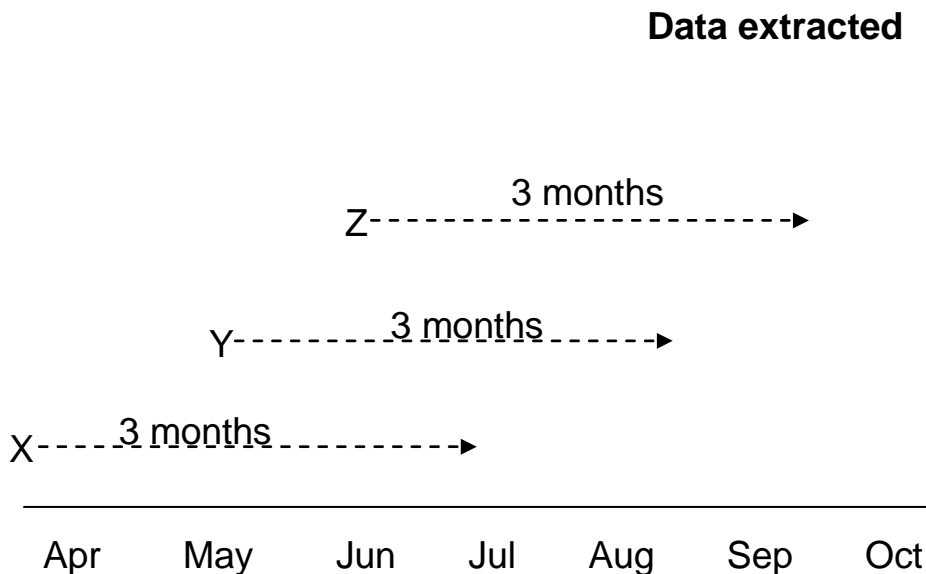
To illustrate how this happens, Figure D1 below shows the actual time available for claims from Q2 2012 to lead to orders. Claim X occurs in the beginning of April, claim Y occurs at the beginning of May, and claims Z occurs at the beginning of June. Formally, the claims are being given three months to lead to orders, but because data extraction occurs in mid-July, only claim X actually has three months to lead to an order before data extraction.

**Figure D1: Time for Q2 claims to lead to orders with a July data extraction**



The publication for the next quarter uses a data extraction that is three months' later. Figure D2 shows that this allows every claim the full three months to lead to orders.

**Figure D2: Time for Q2 claims to lead to orders with an October data extraction**



This means that an adjustment was needed to account for the date of database extraction. To do this, the number of orders, warrants and repossessions made using the earliest data extraction possible was compared to the number of orders, warrants and repossessions using later data extractions. This was done for results from several different quarters. These results provided an estimate both of the average adjustment required and also of the variance in the adjustment.

## **Final estimation**

The analysis above provides us with an estimate of the average increase in the number of orders, warrants, and repossessions between 3 months and 6 months following a claim, between 6 months and 12 months following a claim, between 12 and 18 months following a claim, and so on. To get the final estimate simply requires multiplying all these increases together with the number of orders arising from claims in the quarter of interest, plus an adjustment to take into account when the extract from the database occurred.

It is also possible to calculate a confidence interval around that estimate by exploiting the quarterly variance around the average increase. For example, the number of orders made within six months of claims issued in Q1 1999 was 11.4% higher than the number of orders made within three months of claims issued in Q1 1999. The number of orders made within six months of claims issued in Q2 1999 was 9.8% higher than the number of orders made within three months of claims issued in Q2 1999. The number of orders made within six months of claims issued in Q4 1999 was 12.3% higher than the number of orders made within three months of claims issued in Q4 1999 and so on. Looking over the time period as a whole the quarterly variation in the rate of increase in the number of orders makes it possible to create standard deviations in the rate of increase.

Simulation used the average and standard deviation of each increase to create a normal distribution of the increase at each stage. Each iteration drew randomly from this normal distribution. For the database adjustment, because there were a limited number of cases available to estimate the adjustment, the actual values were drawn from randomly, rather than a distribution.

This estimated final number of orders, warrants and repossessions can then be divided by the number of claims in Q3 2012 to get an estimated proportion of claims in that quarter that will lead to orders, warrants and repossessions. Using 1,000 iterations of the simulation, the median of this distribution is used as the expected proportion of claims that lead to orders, warrants and repossessions and each of those proportions can be surrounded by a 95 per cent confidence interval by taking values at the extreme ends of this distribution.

## **Comparison**

The method previously used to estimate the proportion of claims that lead to orders was to take the total number of orders and divide it by the total number of claims issued eight weeks earlier (eight weeks being the median time for a claim to be converted into an order). There is some variation around that median. There is even wider variation around the median time between claim and warrant, and claim and repossessions, which means that this approach would not be appropriate to estimate the proportion of claims that lead to warrants or the proportion of claims that lead to repossessions. For this reason, a different methodology has been devised which can be used to estimate proportion of claims that lead to orders, warrants and repossessions.

The results of the new approach have been compared to those of the previous method for calculating the proportion of claims that lead to orders. For Q3 2012, the previous method estimated that 72 per cent of mortgage-related claims led to an order, and 69 per cent of landlord-related claims did so. The new approach also estimated that 72 per cent of mortgage-related claims led to an order, and 71 per cent of landlord-related claims did so. The two methods result in a similar estimate. However, the new method can be applied to warrants and repossessions in addition to orders.

## Contact points for further information

Current and previous editions of this publication are available for download at

[www.justice.gov.uk/publications/statistics-and-data/civil-justice/mortgage-possession.htm](http://www.justice.gov.uk/publications/statistics-and-data/civil-justice/mortgage-possession.htm)

[www.justice.gov.uk/statistics/civil-justice/mortgage-possession/mortgage-possession-editions](http://www.justice.gov.uk/statistics/civil-justice/mortgage-possession/mortgage-possession-editions)

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Queries on the wider policy implications of these statistics should be directed to the Department for Communities and Local Government's press office:

**Sarah Southerton**

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Email: [Sarah.Southerton@communities.gsi.gov.uk](mailto:Sarah.Southerton@communities.gsi.gov.uk)

Queries on statistics shown for 'Properties taken into possession' and other related statistics should be directed to the Council of Mortgage Lenders' press office on 020 7438 8922

Other enquiries about these statistics should be directed to:

**Tingting Shu**

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Email: [statistics.enquires@justice.gsi.gov.uk](mailto:statistics.enquires@justice.gsi.gov.uk)

General enquiries about the statistical work of the Ministry of Justice can be e-mailed to: [statistics.enquires@justice.gsi.gov.uk](mailto:statistics.enquires@justice.gsi.gov.uk)

Other National Statistics publications, and general information about the official statistics system of the UK, are available from [www.statistics.gov.uk](http://www.statistics.gov.uk)

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