

# **Mortgage and landlord possession statistics quarterly**

## July to September 2013

Ministry of Justice  
Statistics bulletin

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# Executive Summary

## **Mortgage**

The number of mortgage possession claims in County Courts increased from 2003 to a peak in 2008, but has fallen 60% since then to 14,000 in the third quarter of 2013. The fall in mortgage claims has been spread evenly across all regions of the country.

The fall in the number of mortgage possession claims since 2008 coincides with lower interest rates, a proactive approach from lenders in managing consumers in financial difficulties and other interventions from the government, such as the Mortgage Rescue Scheme.

At the same time the number of claims rose, the estimated proportion of claims which have progressed to an order, warrant or repossession by county court bailiffs also increased from 2003 to around 2009 or 2010, but has fallen slightly since.

## **Landlord**

The number of landlord possession claims in County Courts fell from 2003 to 2008, but has increased since 2010 by 29% to 45,000 in the third quarter of 2013.

The estimated proportion of claims which have progressed to an order, warrant or repossession by county court bailiffs have been increasing slightly since 2009.

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## 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 and progression of cases that follow the court process of possessing a property.

In 2012, mortgage and landlord possession claims formed an important part (15%) 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.

The statistics published here report on court total workloads that are used to assist the planning of court resources both nationally and locally. They also monitor how many claims will lead to an order, warrant or repossession, which is used to monitor and evaluate policies.

## Court Workload

A mortgage or landlord possession action starts when a mortgage lender or landlord completes and submits a claim to the courts to repossess a property. The most common reason for repossession is arrears of mortgage or rent. The court process of possessing a property broadly follows four stages<sup>1</sup>:

1. a claim being issued by a mortgage lender or a landlord;
2. an order being made by the County Court. This can either be an outright order that the property is to be recovered by a specific date, or a suspended order that is suspended as long as the defendant complies with conditions specified in the order;
3. If the defendant fails to leave the property by the date given in the order or does not meet the terms of a suspended order, the order may be enforced by a warrant of possession. This authorises the county court bailiff to evict the defendant from the property. The bailiff then arranges a date to execute the eviction; and,
4. repossession by a County Court bailiff. Repossessions may occur without county court bailiffs carrying out the repossession through less formal procedures so the total number of repossessions is greater than the number of repossessions carried out by county court bailiffs. Total figures for mortgage repossession are also included.

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<sup>1</sup> For more detailed information on the process of possession of property please see A Guide to Court and Administrative Justice Statistics on this website.

Figures for each of these four processes are presented in the court workload tables.

## **Case progression**

This bulletin also contains estimates of the percentage of claims issued in a specific quarter or year that will progress to an order, warrant or repossession when the full amount of time has been allowed to pass for those claims to progress through the County Court system. These figures are different from the court workload figures described above which shows the total number of orders, warrants or repossession by county court bailiffs in that quarter, irrespective of when the claim was issued.

These estimates include upper and lower estimates around them (a confidence interval) reflecting the uncertainty inherent in any estimation of the future. Claims from more recent periods will inherently have had less time for the case to be processed so there is more uncertainty around the final estimate, resulting in a wider confidence interval (Please see A Guide to Court and Administrative Justice Statistics for more information on how this figure is calculated).

As supplementary information, we also provide the percentage of claims issued in a quarter or year that have already resulted in an order being made, a warrant being issued, or a repossession being carried out. Caution should be exercised when interpreting these figures for recent years. The information contained in the bulletin is based on the available data when the database was extracted; consequently a proportion of claims made in more recent quarters are still awaiting progression to the next stage of court action. Claims from earlier periods will have had longer for the case to be processed than those from more recent periods so a lower proportion of these earlier claims are likely to be still awaiting an order, warrant or repossession.

## **Further information**

Supplementary CSV datasets are available with this bulletin which allow users to analyse the data themselves. The CSV files provide the user with local authority and court-level breakdowns of claims, orders, warrants and county court bailiff repossessions for the full amount of time for which data is available. This aims at maximising the usage of data by users so analytical work can be carried out independently.

The accompanying 'Dataset variable list' provides a full description of the variables and the list of possible values for each dataset provided, which can be found at:

[www.gov.uk/government/collections/mortgage-and-landlord-possession-statistics](http://www.gov.uk/government/collections/mortgage-and-landlord-possession-statistics)

The data is provided in a CSV machine-readable format so that it can easily be imported into analytical software packages. These packages include R, Access, SQL, SAS, up-to-date versions of Excel but not versions of Excel

prior to 2007 (because of insufficient number of rows). This format enables the user to manipulate and aggregate the published data in different ways.

The two sites below are examples of some of the ways that possessions data has been used by customers:

[england.shelter.org.uk/professional\\_resources/housing\\_databank](http://england.shelter.org.uk/professional_resources/housing_databank)

[data.london.gov.uk/datastore/applications/focus-london-housing](http://data.london.gov.uk/datastore/applications/focus-london-housing)

These analyses are not products of the Ministry of Justice and are referenced for illustrative purposes only.

Below is a short guide on how to load these files onto a database package, such as R. R is not the only package which can manipulate this data, but it is an open source package and can be downloaded at

[www.r-project.org/](http://www.r-project.org/)

## Loading data to R Statistical package

Loading the court CSV file into an R dataset called `csv_court`:

```
csv_court <- read.csv('csv_court_2013_Q3.csv', header = T)
```

Example of analysis: creating data underlying Table 1 (Mortgage possessions) and 3 (Landlord possessions):

```
aggregate(value ~ quarter + year + possession_action +  
           possession_type, data = csv_court, sum)
```

Example of analysis: Court breakdown of 2013 Q1 data for Landlords and Mortgages:

```
csv_court_13_q1 <- csv_court [which(csv_court$year==2013 &  
                                 csv_court$quarter == "Q1"),]  
  
aggregate(value ~ possession_action + court +  
           possession_type, data = csv_court_13_q1, sum)
```

The County Courts of England and Wales also process many other types of cases. The statistical bulletin “Court Statistics Quarterly” provides data on civil and family law cases dealt with in the county courts on a quarterly basis:

[www.gov.uk/government/publications/court-statistics-quarterly-april-to-june-2013](http://www.gov.uk/government/publications/court-statistics-quarterly-april-to-june-2013)

## Changes

Last quarter, we made some changes to this bulletin, which are outlined below. These changes were announced in the previous bulletin and feedback was sought. Feedback did not show opposition to these proposals and there has been no negative feedback since the last publication when these changes were made.

**Seasonally adjusted figures:** We have discontinued production of these tables, as feedback suggested limited customer use, as customers prefer the clarity of using actual figures rather than adjusted figures.

**Tables 5 and 6:** We have discontinued production of Tables 5 and 6 which provided breakdowns at the national level of landlord possession claims and claims lead to orders by type of landlord and procedure. Instead information at the local level is provided in the supplementary CSV. This provides users with the local picture regarding this data and allows users to aggregate it in ways that suit their own needs. Those users who would prefer to use the tables can request them from the Ministry of Justice using the contact provided at the end of this report.

**Measuring orders, warrants and repossessions:** Previously, the figures presented in this bulletin were claims that lead to orders, claims that lead to warrants, and claims that lead to repossessions. This counted the number of orders, warrants or repossessions that are unique to a claim, so that if one claim had two or more orders only the first was counted. In this bulletin, they have been replaced with the total number of orders, warrants and repossessions. We believe this will be simpler to understand and will be a more accurate reflection of the court workload. A Guide to Court and Administrative Justice Statistics provides more details on these changes.

**Mortgage and landlord possession statistical tables (CSV):** This CSV contained the same information as the main tables with some additional breakdowns between 1999 and 2007 by quarter. We discontinued production of this output. Feedback from customers suggests there is rather limited use of this output, as customers find the main tables more straightforward to understand and can find quarterly information from the other supplementary CSV, which also provide local breakdowns on a quarterly basis.

As a result of these proposed changes the possessions publication consists of a:

- bulletin describing headline results,
- supported by tables providing headline results,
- supported by CSV providing court-level and local-authority breakdowns on a wider range of variables than in the main tables,
- supported by a guide which explain how to get the most out of the CSV.



# Results

## Mortgage Possession Actions

During the past ten years, the number of mortgage possession actions in court (claims, orders, warrants of possession, and repossession by county court bailiffs) has increased since 2003, peaked in 2008, and has fallen since then (Figure 1 and Table 1). In addition, the total number of properties repossessed (including those not repossessed by county court bailiffs) has followed a similar trend.

At the same time the number of claims rose, the estimated proportion of claims which have progressed to an order, warrant or repossession by county court bailiffs also rose from 2003 to around 2009 or 2010, and have fallen slightly since (Table 2). This means that the numbers of mortgagees being repossessed has fallen in recent years, both because of a falling number of claims, and because of a slight fall in the proportion of those claims that progress to a further stage in court process.

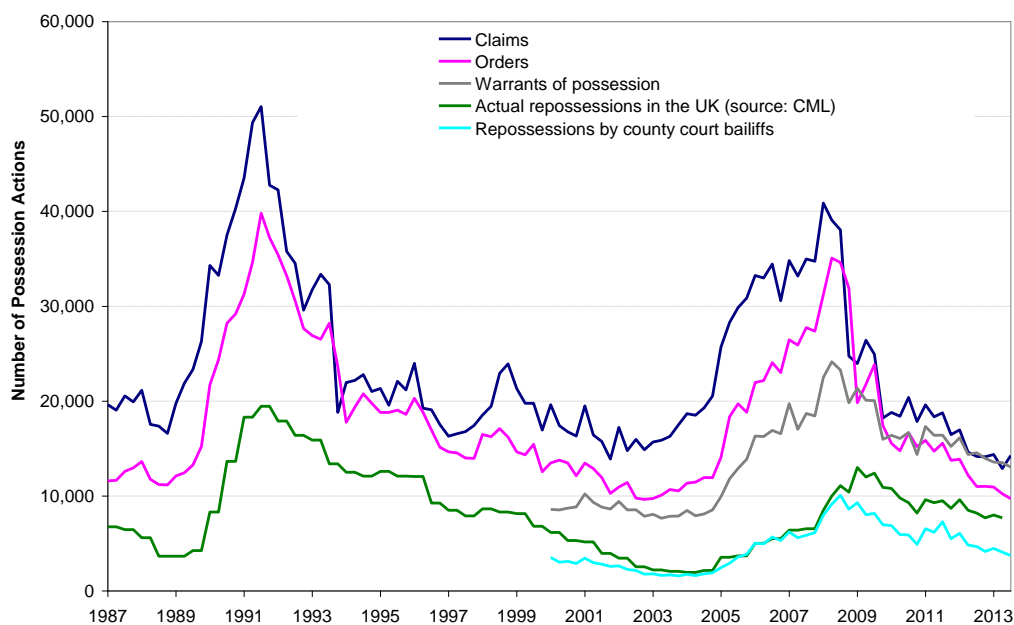
The fall in the number of mortgage possession actions since 2008 coincides with lower interest rates<sup>2</sup>, a proactive approach from lenders in managing consumers in financial difficulties and other interventions from the government, such as the Mortgage Rescue Scheme. Other factors that may contribute to the rapid fall in the number of mortgage possession claims and orders during the year 2008 include the introduction of the Mortgage Pre-Action Protocol (see the Annex for more information). In addition, the downward trend in recent years coincides with a decrease in the number of owner-occupiers<sup>3</sup>.

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

<sup>3</sup> Please see English Housing Survey [www.gov.uk/government/organisations/department-for-communities-and-local-government/series/english-housing-survey](http://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/english-housing-survey) for more details

**Figure 1: Mortgage possession actions in England & Wales, 1987 to 2013 Q3**



**Claims issued:** A possession claim is created when a claimant begins a legal action for an order for possession of property by making a claim that is then issued in a county court. 14,256 were issued in the third quarter of 2013.

**Local breakdown:** Looking at the regional picture, the trends in mortgage possession claims is very similar across England and Wales. All regions saw an increase between 2003 and 2008 and all have seen a fall since then. The region with the most possession claims was the North West with London coming second.

**Orders<sup>4</sup>:** The court, following a judicial hearing may grant an order for immediate possession. This entitles the claimant to apply for a warrant to have the defendant evicted, except in the case of suspended orders. There were 9,711 orders in the third quarter of 2013.

Of mortgage possession orders made, 49% were suspended. This rate has remained stable between 45% and 50% since 2006.

It is estimated that the 71% of claims issued in the third quarter of 2013 will lead to an order being made in time although this figure could range between 65% and 77%<sup>5</sup>.

<sup>4</sup> Figures regarding orders, warrants and repossessions by county court bailiffs are the total number of orders, warrants and repossessions. Between 2007 and 2009 changes to the method of data collection led to an over-estimate of the total number of orders and warrants. Please see A Guide to Court and Administrative Justice Statistics on this website for details.

<sup>5</sup> A general description of how these estimates were carried out is contained in the Introduction. Please see A Guide to Court and Administrative Justice Statistics on this website for a detailed methodological description.

**Warrants of possession**<sup>3</sup>: 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 13,032 warrants of possession in the third quarter of 2013.

In recent years, the proportion of claims that lead to warrants has been between 38% and 47%, with figures on a downward trend since 2010. There is a wide variance around the most recent results<sup>4</sup>.

**Repossessions by county court bailiffs**<sup>3</sup>: Once a warrant has been issued, county court bailiffs can repossess the property on behalf of the claimant. There were 3,731 repossessions by county court bailiffs in the third quarter of 2013.

In recent years, the proportion of claims that lead to repossession by county court bailiffs has been between 22% and 28%. There is a wide variance around the most recent results<sup>4</sup>.

**Actual repossessions**: There were 7,700 repossessions in total in the second quarter of 2013<sup>6</sup>. This figure includes repossessions carried out by county court bailiffs, but also includes other repossessions.

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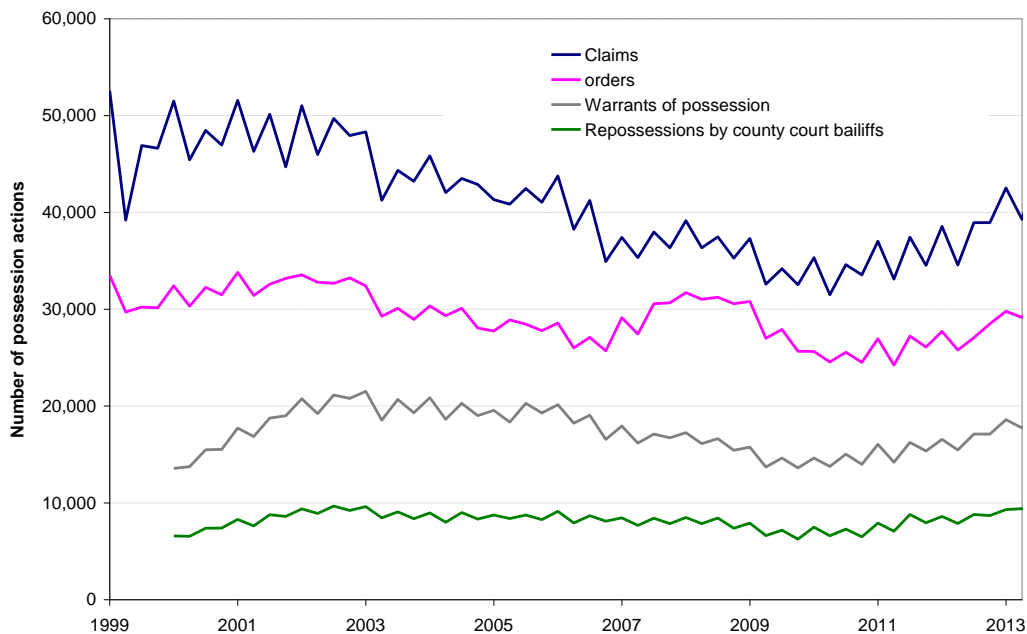
<sup>6</sup> Information on actual mortgage repossessions (including repossessions not carried out by county court bailiffs) is provided by the Council of Mortgage Lenders (CML) and is presented in this bulletin with a delay of three months. Please also note this figure relates to repossessions made in the United Kingdom whereas all other statistics in this bulletin relate to England and Wales. It should also be noted that these figures are rounded by the CML to the nearest hundred. Please see the CML website [www.cml.org.uk/cml/statistics](http://www.cml.org.uk/cml/statistics) for more information about these statistics.

## Landlord possession actions

During the past ten years, the numbers of possession claims have decreased since 2003, reached their lowest level around 2010, and have increased since then (Figure 2 and Table 3). The upward trend in recent years coincides with an increase in the number of renters<sup>2</sup>.

The estimated proportion of claims which have progressed to a further court action remained largely stable since 1999 but has been rising since 2009 (Table 4). This means that the likelihood of a tenant being repossessed since 2009 has been increasing for two reasons: because possession claims have risen and because the proportion of those claims that lead to repossession has risen slightly.

**Figure 2: Number of landlord possession actions in England & Wales, 1999 to 2013 Q3**



**Claims issued:** A possession claim is created when a claimant begins a legal action for an order for possession of property by making a claim that is then issued in a county court. 44,536 were issued in the third quarter of 2013.

**Local breakdowns:** Looking at the regional picture, the trends in landlord possession claims is very similar across England and Wales. All regions saw a decrease between 2003 and 2010 and all have seen an increase since then. London accounted for more than twice as many landlord possession claims as any other region.

**Orders<sup>3</sup>:** The court, following a judicial hearing may grant an order for immediate possession. This entitles the claimant to apply for a warrant to have the defendant evicted, except in the case of suspended orders. There were 31,043 landlord possession orders being made in the third quarter of 2013.

Of landlord possession orders being made, 43% were suspended. Since the second quarter of 2010 the proportion has been between 40% and 45%.

It is estimated that 69% of claims issued in the third quarter of 2013 will lead to an order being made in time, although this figure could range between 66% and 72%<sup>4</sup>.

**Warrants of possession<sup>3</sup>:** 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 19,401 warrants of possession in the third quarter of 2013.

In recent years, the proportion of claims that lead to warrants has been between 33% and 39%, with figures on an upward trend since 2008. There is a wide variance around the most recent results<sup>4</sup>.

**Repossessions by county court bailiffs<sup>3</sup>:** Once a warrant has been issued county court bailiffs can repossess the property on behalf of the claimant. There were 9,469 repossessions by county court bailiffs in the third quarter of 2013.

In recent years, the proportion of claims that lead to repossessions by county court bailiffs has been between 19% and 24%, with figures on an upward trend since 2009. There is a wide variance around the most recent results<sup>4</sup>.

### **Effect of Benefit cap on housing**

In the previous bulletin, an analysis was carried out looking at the effects of the benefit cap on eviction claims. It compared the number of eviction claims in the four local authorities where the benefit cap was initially rolled out to the number of claims in the rest of the country. It did not specifically look at capped households, furthermore it is unknown if evicted households were in receipt of benefit. The analysis showed that the number of claims fell in three out of four of those authorities, in accordance with the national pattern, showing that the benefit cap had no visible effect on eviction claims in that quarter. The benefit cap has now been completely rolled out across the country so a repeat of that analysis would not be useful.

DWP and MoJ are working closely to identify whether benefit reforms have had an impact on eviction claims. The additional discretionary housing payment funding for preventative work with households means this is not expected to occur, but in accordance with the Communities and Local Government New Burdens Doctrine DWP are monitoring additional costs to local authorities, including through their statutory homelessness duty. The policy impacts of the benefit cap will be fully evaluated and a report published in Autumn 2014.

## Annex: 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;
- Third 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% 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 orders 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 first quarter of 2008 for claims and the first quarter of 2009 for 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)

## Contact points for further information

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

[www.gov.uk/government/publications/mortgage-and-landlord-possession-statistics--2](http://www.gov.uk/government/publications/mortgage-and-landlord-possession-statistics--2)

[www.gov.uk/government/publications/mortgage-and-landlord-possession-statistics-earlier-editions-in-the-series](http://www.gov.uk/government/publications/mortgage-and-landlord-possession-statistics-earlier-editions-in-the-series)

Press enquiries should be directed to the Ministry of Justice press office:

**Peter Morris**

Tel: 020 3334 3531

Email: [peter.morris@justice.gsi.gov.uk](mailto:peter.morris@justice.gsi.gov.uk)

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**

Tel: 0303 444 1201

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:

**Justice Statistics Analytical Services**

Ministry of Justice

7<sup>th</sup> Floor

102 Petty France

London SW1H 9AJ

Tel: 020 3334 3737

Email: [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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