



Ministry
of Justice



Mortgage and landlord possession statistics quarterly

January to March 2014

Ministry of Justice
Statistics bulletin

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Executive Summary

Mortgage possession

The number of mortgage possession claims in County Courts increased from 62,862 in 2002 to a peak of 142,741 in 2008. Since then it has fallen 62% to 53,662 in 2013. The first quarter of 2014 (January to March), recorded 12,704 claims, representing the lowest quarterly figure recorded in over a decade.

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 ¹.

At the same time as the number of claims rose (between 2002 and 2008), the estimated proportion of claims which progressed to an order, warrant or repossession by county court bailiffs also increased. However, the trend in more recent years has been one of decline; while the estimated percentage of claims progressing to an order, warrant or repossession in 2008 was around 73%, 46% and 27% respectively, provisional estimates for Q1 2014 show marked declines to around 69%, 41% and 20%.

Landlord possession

The number of landlord possession claims in County Courts fell from 194,645 in 2002 to 134,961 in 2010, but has since increased by 26% to 170,453 in 2013 and to 47,220 in Q1 2014; the highest quarterly figure in over a decade. This increase has been in stark contrast to the 29% decline in the number of mortgage possession claims over the same period.

The estimated proportion of claims which have progressed to an order, warrant or repossession by county court bailiffs has also been increasing slightly since 2010. Whereas the estimated percentage of claims leading to an order, warrant or repossession in 2010 stood at around 68%, 36% and 21% respectively, these figures have remained broadly the same in Q1 2014 at 69%, 37% and 21% respectively.

¹ For more information see: www.gov.uk/mortgage-rescue-scheme

Contents

Contents	4
Introduction	5
Results	7
Annex: Policy changes	12
Contact points for further information	14

Introduction

This quarterly bulletin presents statistics on the numbers of mortgage and landlord possession actions in the county courts of England and Wales in January to March 2014. The statistics provide summary figures on the volume and progression of cases that follow the court process of possessing a property.

The statistics published here report on court total caseloads 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 Caseload

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 stages²:

1. A claim for a mortgage or landlord possession 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.

Figures for each of these four processes are presented in the Excel tables and csv files that accompany this publication.

² For more detailed information on the process of possession of property please see A Guide to Court and Administrative Justice Statistics on this website.

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 caseload 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 Statistics³ 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 alongside this bulletin, allowing users to analyse the data themselves. This aims at maximising the usage of data by users so analytical work can be carried out independently. For more information, please refer to the separately downloadable **Guide to local authority and court-level information**:

www.gov.uk/government/collections/mortgage-and-landlord-possession-statistics

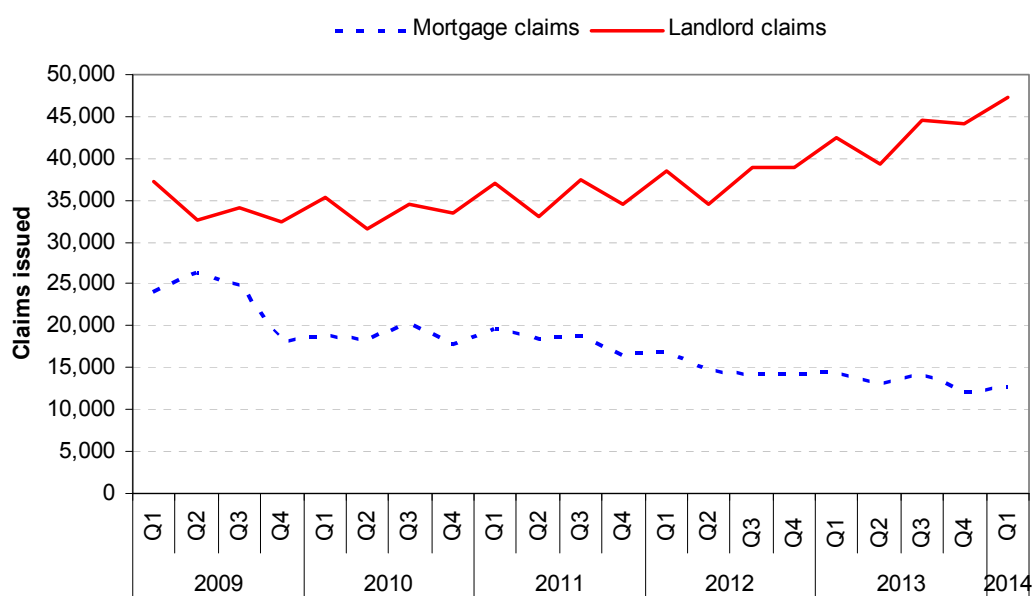
³ www.gov.uk/government/publications/guide-to-court-and-administrative-justice-statistics

Results

Overall Possession Actions

In the first quarter (January to March) of 2014 there were 12,704 mortgage claims issued, representing the lowest quarterly figure recorded in over a decade. In addition there were 47,220 landlord claims issued, representing the highest figure in a decade. This divergence in the trend of mortgage and landlord possession claims issued is shown in figure 1 below.

Figure 1: Overall possession actions in England & Wales, 2009 to 2014 Q1



Mortgage Possession Actions

During the past ten years, the number of mortgage possession actions in court⁴ has increased since 2003, peaked in 2008, and has fallen since then (Figure 1 and Table 1). In addition, the total number of properties repossessed⁵ has followed a similar trend.

At the same time as the number of claims rose (between 2002 and 2008), the estimated proportion of claims which have progressed to an order, warrant or repossession by county court bailiffs also increased, whereas the trend in more recent years has been one of decline. While the estimated percentage of claims progressing to an order, warrant or repossession in 2008 was around 73%, 46% and 27% respectively, provisional estimates for

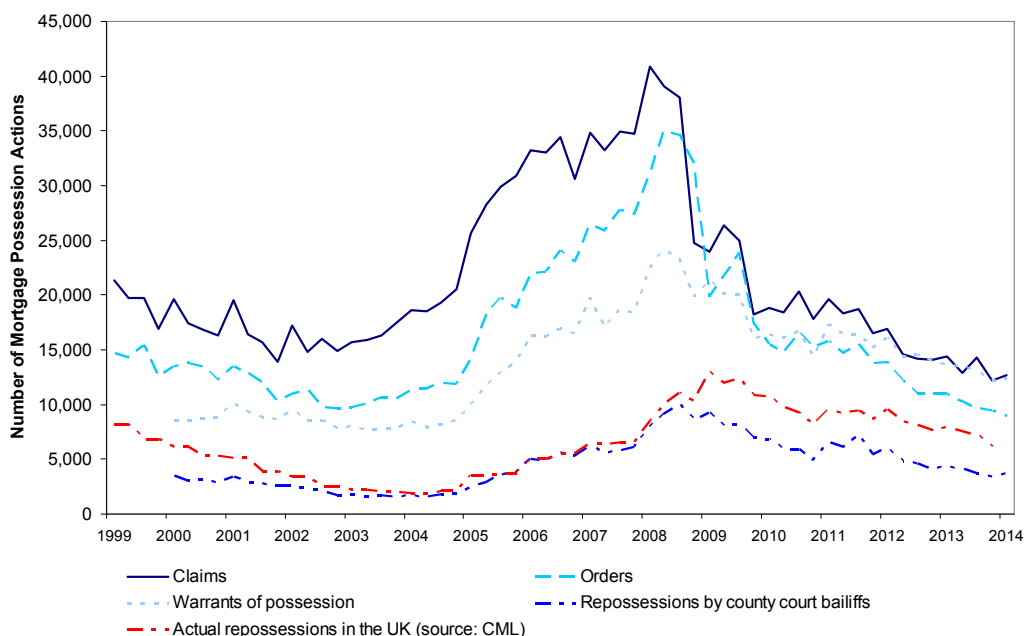
⁴ Claims, orders, warrants of possession, and repossession by county court bailiffs

⁵ Including those not repossessed by county court bailiffs

2013 show marked declines to around 69%, 41% and 20% (Table 2). This means that the numbers of mortgages 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 rates⁶, a proactive approach from lenders in managing consumers in financial difficulties and other interventions from the government, such as the Mortgage Rescue Scheme⁷. Other factors that may contribute to the rapid fall in the number of mortgage possession claims and orders since 2008 include the introduction of the Mortgage Pre-Action Protocol (see the Annex on policy changes for more information). In addition, the downward trend in recent years coincides with a decrease in the number of owner-occupiers⁸.

Figure 2: Mortgage possession actions in England & Wales, 1999⁹ to 2014 Q1



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. There were 12,704 mortgage possession claims issued in January to March 2014.

⁶ 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 (see www.bankofengland.co.uk/statistics/Pages/default.aspx)

⁷ For more information see: www.gov.uk/mortgage-rescue-scheme

⁸ Please see English Housing Survey www.gov.uk/government/organisations/department-for-communities-and-local-government/series/english-housing-survey for more details

⁹ Complete data for Repossessions and Warrants of possession is not available for 1999

Orders¹⁰: 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 8,936 orders in January to March 2014.

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

It is estimated that 69% of claims issued in January to March 2014 will lead to an order being made in time although this figure could range between 63% and 75%¹¹.

Warrants of possession¹²: 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 12,382 warrants of possession in January to March 2014.

In recent years, the proportion of claims that lead to warrants has been between 36% and 48%, with figures on a downward trend since 2010. There is a wide variance around the most recent results.

Repossessions by county court bailiffs¹³: Once a warrant has been issued, county court bailiffs can repossess the property on behalf of the claimant. There were 3,712 repossessions by county court bailiffs in January to March 2014.

In recent years, the proportion of claims that lead to repossession by county court bailiffs has been between 18% and 28%. There is a wide variance around the most recent results.

Actual repossessions: There were 6,100 repossessions in total in July to October to December of 2013¹⁴. This figure includes repossessions carried out by county court bailiffs, but also includes other repossessions.

¹⁰ 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.

¹¹ 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.

¹² Please see English Housing Survey (footnote five)

¹³ Please see English Housing Survey (footnote five)

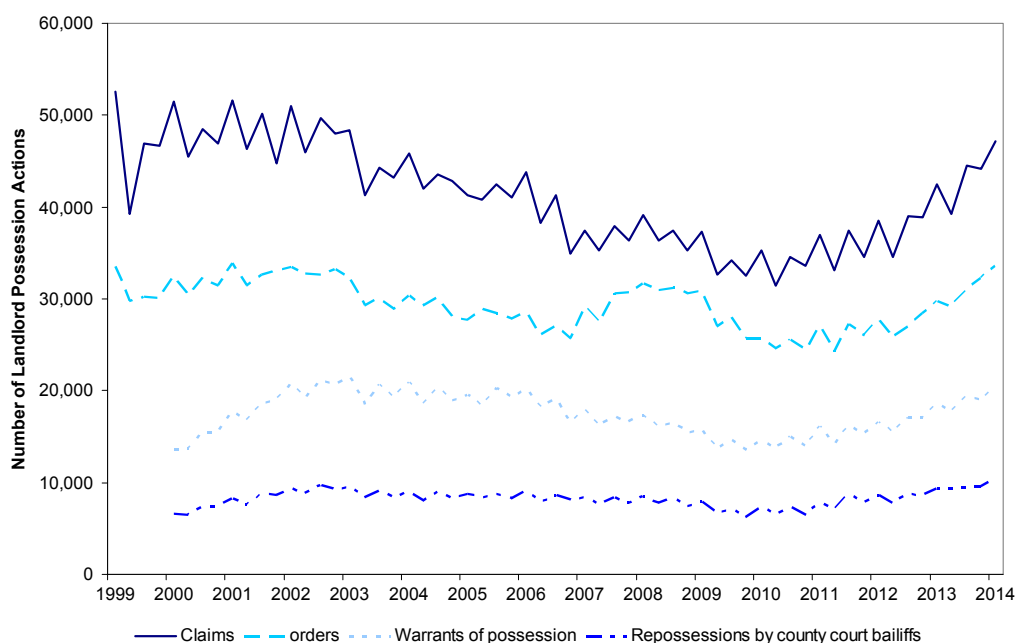
¹⁴ Information on actual mortgage repossessions (including repossessions not carried out by county court bailiffs) is provided by the Council of Mortgage Lenders (CML) and is presented in this bulletin with a delay of three months. Please also note this figure relates to repossessions made in the United 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. For the most recent quarterly update on actual mortgage repossessions, please see the CML website www.cml.org.uk/cml/statistics.

Landlord possession actions

During the past ten years, the numbers of landlord 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 renters¹⁵.

The estimated proportion of claims which have progressed to an order, warrant or repossession by county court bailiffs has also been increasing slightly since 2010, with a small dip in the last quarter. The estimated percentage of claims leading to an order, warrant or repossession in 2010 stood at around 68%, 36% and 21% respectively. These figures are broadly similar in the first quarter of 2014 at 69%, 37% and 21% respectively.

Figure 3: Number of landlord possession actions in England & Wales, 1999¹⁶ to 2014 Q1



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. There were 47,220 landlord possession claims issued in January to March 2014.

Orders: 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 33,565 landlord possession orders made in January to March 2014.

Of landlord possession orders being made, 46% were suspended. Since 2006 this level has remained between 41% and 47%.

¹⁵ Please see English Housing Survey (footnote five)

¹⁶ Complete data for Repossessions and Warrants of possession not available for 1999

It is estimated that 69% of claims issued in the first quarter of 2014 will lead to an order being made in time, although this figure could range between 66% and 72%.

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 20,525 warrants of possession in January to March 2014.

In recent years, the estimated proportion of claims that will lead to warrants has been between 34% and 40%, with figures generally trending upwards since 2008. The Q1 2014 figure, however, shows a slight decrease on the previous quarter, from 40% to 37%.

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 10,475 landlord repossessions by county court bailiffs in January to March 2014, the highest figure in the last five years.

In recent years, the estimated proportion of claims that will lead to repossessions by county court bailiffs has been between 19% and 24%. While a general uptrend has been in place since 2009, the most recent quarterly results are showing signs of a potential easing or downwards reversal of these proportions.

Annex: Policy changes

New Bailiff Laws

New laws came into effect on 6 April 2014 as part of a wider package under changes to the Tribunals, Courts & Enforcement Act 2007. Under the new laws only bailiffs who have been trained and received certification will be allowed to practice.

Bailiffs will be banned from entering homes at night and from using physical force against debtors. The changes will also prevent bailiffs from entering properties where only children are at home and includes further measures to protect vulnerable people. Bailiffs will be prevented from taking vital household essentials from debtor's property, such as a cooker, microwave, refrigerator or washing machines.

In addition a new set of fixed fees for debtors has also been introduced. For more information please see:

<https://www.gov.uk/bailiffchanges>

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

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

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:

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Email: Higo.Biggs@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:

Holly Thompson

Email: holly.thompson@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

7th Floor

102 Petty France

London SW1H 9AJ

Tel: 020 3334 5404

Email: 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

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statistics.enquiries@justice.gsi.gov.uk