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## **DROP IN MORTGAGE ARREARS LIKELY TO BE SHORT-LIVED**

The Council of Mortgage Lenders (CML) today revealed a further drop in the number people falling behind with their mortgage payments<sup>[1]</sup>. But with 16 million Brits experiencing a pay freeze this year, household bills and costs increasing and a base rate rise on the cards, [uSwitch.com](http://uSwitch.com) warns that this trend won't last.

**Michael Ossei, personal finance expert at [uSwitch.com](http://uSwitch.com), says:** "This drop in arrears is not likely to last much longer as we are facing a perfect storm that could cause many households at best to flounder and at worst on to the rocks. The historic low in mortgage rates has shielded many from the fact that their salaries haven't been increased in real terms for the last few years and that the cost of essentials, such as energy, food and petrol, have been steadily going up. It has also given those who were in arrears a chance to get back on track. Unfortunately, when mortgage rates start to climb again the reality of stagnant salaries and rising costs will hit home and many households are going to be in dire straits."

"For borrowers coming to the end of a fixed rate, allowing their mortgages to roll onto a standard variable rate is currently very attractive due to the low rate. However, with a potential base rate rise looming standard variable rates are a ticking time bomb. Many borrowers are making the most of it while it lasts, but should be prepared for when rates go up. And with over 7 million (15%) Brits at best breaking even each month an increase to the base rate could be even more disastrous for many households<sup>[2]</sup>. In fact an increase of just 0.5% would cause 7% of households with a variable or tracker mortgage to cut back on essentials such as food and heating, while over a fifth (22%) would have to work longer hours or find a second job to make the repayments<sup>[3]</sup>.

"If consumers are worried that they may struggle with their mortgage payments if the base rate goes up they should take action now. Fixing your mortgage now, while the base rate is so low is also an idea for those keen to budget for the future. However, this peace of mind often comes at

a premium, with the average rate for a fixed mortgage higher than the standard variable and with fixed rates often carrying set up fees. The most important thing is to start thinking now about what you want from your mortgage, then shop around to get the best deal.”

**-Ends-**

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**Notes to editors:**

1. <http://www.cml.org.uk/cml/media/press/2914>
2. Research carried out for uSwitch.com by EasyInsites in March 2011 amongst a sample of 1,019 GB adults.
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**About us**

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email [CustomerServices@uswitch.com](mailto:CustomerServices@uswitch.com) or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

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