# UK Faces Mortgage Crisis as 1 in 4 Risk Missing Payments Amid Surging Interest Rates



### Mortgage Crisis Escalates in the UK: One in Four at Risk of Missing Payments

As interest rates surge, approximately 1.6 million households in the UK are projected to miss their mortgage payments by the end of 2024. This spike follows a significant increase in interest rates since 2022, which has led to a rise in financial challenges for many mortgage holders.

Analysis suggests that households coming off their fixed-rate deals will face an average increase of about £1,800 annually on their mortgage repayments. This shift to higher interest rates is partly attributed to economic pressures resulting from the pandemic and geopolitical tensions, such as the war in Ukraine.

Charities like the Money Advice Trust report an increase in requests for financial assistance, with pleas tripling over the past three years. The Ministry of Justice notes a 40% increase in repossession claims in England and Wales in the first quarter of 2024 compared to 18 months prior.

The Bank of England has reported outstanding mortgage balances with arrears now totaling £20.3 billion, a 50.3% increase from 2022. Current interest rates stand at 5.25%, marking a 16-year high. This has resulted in around 2.1 million homeowners dedicating over 25% of their disposable income to mortgage repayments, with 390,000 households considered at critical risk due to insufficient savings and unsustainable spending.

Government interventions, such as the Mortgage Charter introduced last year, prevent banks from immediately pursuing repossession for initial non-payment. However, economic analysts like Sarah Coles of Hargreaves Lansdown remain cautiously optimistic, expecting interest rates to decline to 3.5% by the end of 2025.

This situation poses a significant concern ahead of the general election on July 4, with both Labour and Conservative parties expected to address the cost-of-living crisis in their campaigns.