

There is a mortgage crisis in the UK - entirely as a re...

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According to [the FCA](#) - the UK's Financial Conduct Authority - mortgage stress in the UK is growing. New data that they have issued today shows that:

- * 356,000 more people with mortgages could face payment problems by the end of June 2024. This is down from early estimates, but remains significant.
- * Those moving from a fixed rate could pay £340 a month more on average.
- * Londoners and those in the South East are most likely to be stretched.

Stockbrokers Hargreaves Lansdown [estimate as a result](#) that:

- * By the end of the year, 26% of mortgage payers will be at risk of default - over 2 million.
- * 650,000 are at 'high risk' because they are not only face a dangerous hike in their mortgage payments, but they don't have emergency savings to protect them.
- * 347,000 are at 'critical risk', because on top of the extra costs and savings shortfalls, they're already spending more cash each month than they have coming in.
- * Singletons, older people and Londoners are particularly at risk.
- * Remortgaging in 2023 will swallow an extra 3.1% of your income after tax - £2,120 a year.

As the [Guardian notes](#) this morning:

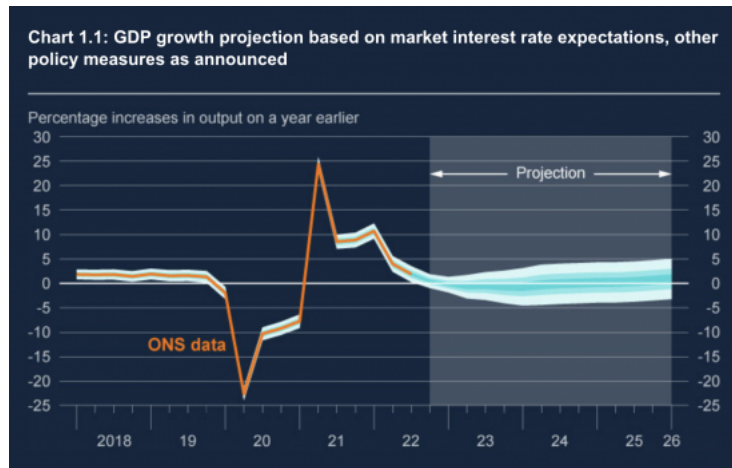
The [FCA] has told banks to consider slashing mortgage payments for borrowers struggling with rising bills, as it revealed that 356,000 homeowners could be at risk of missing their monthly instalments by summer 2024.

The guidance from the Financial Conduct Authority confirms how lenders can support customers who have missed payments or are worried they may fall behind, including by

extending the term of their mortgage to lower the monthly amount due, or temporarily slashing payments.

This was entirely predictable, of course. I did predict it. And it is also wholly unnecessary. That is because the current rates of interest being promoted by the Bank of England are not needed to tackle inflation.

The latest [Monetary Policy Committee](#) report from the Bank of England includes this chart:



The message of that chart is unambiguous, as Prof Danny Blanchflower and I will be arguing in a report we will submit to the House of Commons Treasury Committee on quantitative easing and quantitative tightening next week. It is that if current expected rates create a significant risk of an economic downturn - as they obviously do - then those rates are clearly too high.

What is required now is not just support for those on incredibly high interest rates but an immediate cut in interest rates. We will be suggesting 1% straightaway with the expectation of more to follow.

Like so many other crises that this country faces, this one has been made by the government getting almost all aspects of its policy wrong. The Chancellor could overrule the Bank of England on rate policy. He is not. All those facing considerable stress as a result know who to blame. They could start with the Governor of the Bank of England. But the real person to blame is in 11 Downing Street.