

Funding the Future

A population who can see they are being exploited will ...

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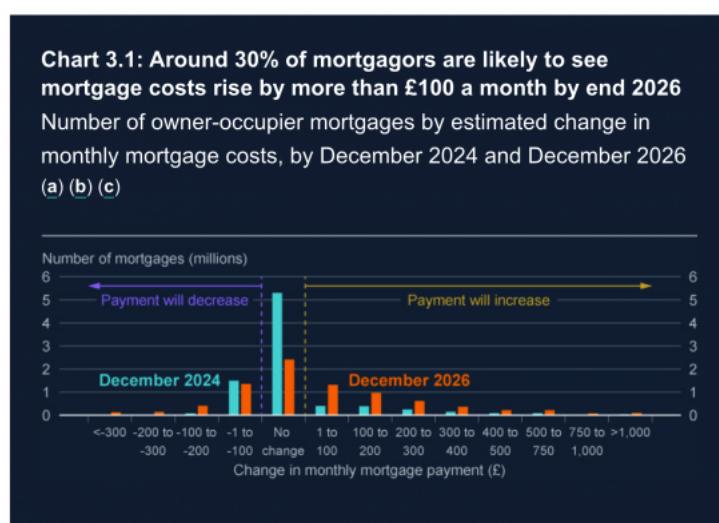
As the [Bank of England announced](#) in a report yesterday:

While most fixed-rate mortgages have repriced since mortgage rates started to rise in 2021 H2, the full impact of higher interest rates has not yet passed through to all mortgagors.

Over three million, or 35%, of mortgage accounts are still paying rates of less than 3%; the majority of whom will have their fixed rate expire before end-2026.

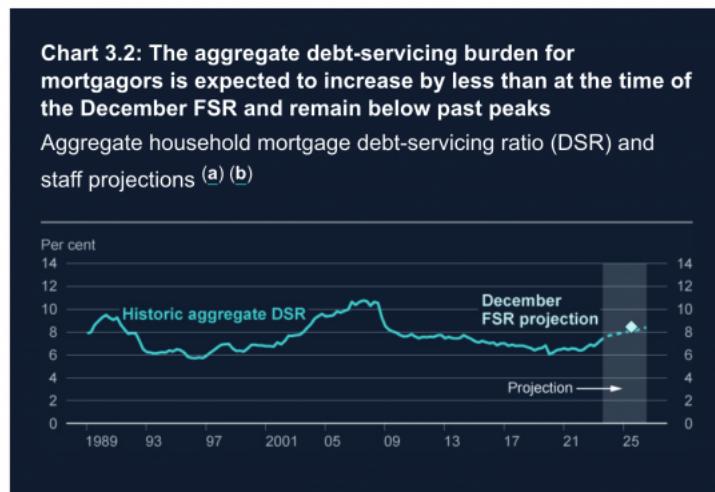
For the typical owner-occupier mortgagor rolling off a fixed rate between June 2024 and end-2026, their monthly mortgage repayments are projected to increase by around £180, or around 28%. Within that average, a relatively small proportion are likely to experience some very large increases – around 400,000 households will see an increase in their payment of 50% or more.

They published this chart in support of the data:



Sources: Bloomberg Finance L.P., FCA Product Sales Data and Bank calculations.

In the same report they produced this chart:



The message is clear. It is that, on average, the Bank of England think households are surviving wholly unnecessarily high mortgage costs, so they believe that those who have so far not suffered that pain should now be exposed to doing so.

They admit, they think mortgage rates might fall a little. But they offer no real comfort to anyone.

What is clear is that the beatings are to go on. We have clearly not suffered enough, although there is no hint that an increase in inflation is in any way likely at present (and if it happens, it will be world events, like the return of Trump, that will deliver it, and the UK interest rates will do nothing to tackle such causes).

Three thoughts follow.

One, good luck if Labour thinks this is an environment in which growth is going to happen. When a population is exploited by rentiers, they don't spend money to fuel growth.

Second, the bank is making the case for the end of its own independence. It is only the dogmatism of Rachel Reeves that will save it.

Third, all of this feeds into the idea that we are living at the end of neoliberal times. A population who can see they are being exploited for no good reason will not tolerate it for long.