Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP
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Andrew Boff AM
Chair of the London Assembly
Via email:
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21 January 2025

Dear Andrew,

Thank you for your letter of 19 December to the Deputy Prime Minister, Rt Hon Angela Rayner MP, regarding the London Assembly July 2023 Plenary Motion. I have been asked to reply.

This Government appreciates the need to urgently deliver more homes of all tenures if we are to tackle the housing crisis and boost economic growth. Delivering historic levels of housebuilding in London is a critical part of this government's commitment to build 1.5 million homes within this parliament.

This Government's manifesto was clear: sustained economic growth is the only route to improving the prosperity of our country and the living standards of working people. Our approach to delivering this growth will focus on the three pillars of stability, investment and reform. I recognise London faces unique issues to delivering homes, particularly in regard to financial viability challenges, and I want to work with the sector to overcome these hurdles.

This Government recognises that many households have been faced with higher mortgage rates in recent years. That is why we are committed to delivering economic stability to grow the economy and keep taxes, inflation and mortgage rates as low as possible. There are significant measures in place to protect vulnerable mortgage borrowers. Financial Conduct Authority (FCA) rules require lenders to engage individually with their customers who are struggling or who are worried about their payments in order to provide tailored support. This could include a range of measures, such as a term extension or a temporary switch to interest only, but also a range of other options like a temporary payment deferral or part interest-part repayment. The right option will depend on the borrower's circumstances.

The Mortgage Charter also remains in place providing additional flexibilities to help customers manage their payments over a short period. Flexibilities include an agreement permitting customers to switch to an interest only mortgage, or extend their mortgage term, for 6 months, after which they can switch back without a new affordability check or it affecting their credit score. Lenders also agreed borrowers won't have their home repossessed within 12 months from their first missed payment without their consent or unless in exceptional circumstances. Borrowers coming to the end of their deal will be able to lock in a new rate in advance of their deal coming to an end; they will also be able to manage their new deal and request a better like for like deal with their lender right up until their new term starts, if one is available.

More broadly, the Government has a number of other measures in place to help people to avoid repossession. These include the Housing Loss Prevention Advice Service (HLPAS); Support for Mortgage Interest (SMI) loans for those in receipt of an income-related benefit; and protection in the courts through the Pre-Action Protocol which makes it clear that repossession must always be the last resort for lenders.

Thank you again for writing to me on this important matter.

Yours sincerely,

Jim McMahon.

JIM MCMAHON OBE MP
Minister of State for Local Government and English Devolution