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Statistical release

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Mortgage Lenders and Administrators Statistics for 2014 Q1 (derived from the Mortgage Lenders & Administrators Return (MLAR))

Residential loan amounts outstanding

The overall value of the residential loan amounts outstanding in Q1 2014 was £1,243 billion, an increase of 0.4% compared with Q4 2013 and an increase of 1.2% over the past four quarters.

Amounts outstanding on regulated loans were £978.5 billion and constituted 79% of total in Q1 2014, the same percentage as in Q4 2013. Non-regulated loans increased in the quarter by 0.8% to £264.4 billion.

The value of securitised amounts outstanding declined further by 4.8% in Q1 2014 to £101.3 billion. Unsecuritised amounts outstanding, however, continued to increase to £1,141.7 billion in Q1 2014. Thus, the proportion of total amounts outstanding of securitised balances decreased for the sixth consecutive quarter in a row to 8.1%, the lowest level since the series began in 2007.

Table A: Securitised and unsecuritised residential loan balances

Regulated and non-regulated mortgages

£ billions

Not seasonally adjusted

	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
Regulated:							
Unsecuritised	829.1	848.5	871.4	876.5	886.2	897.8	905.9
Securitised	90.7	93.9	85.7	84.1	80.3	78.3	72.6
Subtotal	919.8	942.4	957.1	960.6	966.5	976.1	978.5
Non regulated:							
Unsecuritised	255.7	247.0	238.2	237.2	236.5	234.1	235.7
Securitised	36.9	32.0	32.6	31.9	30.8	28.1	28.7
Subtotal	292.6	279.1	270.8	269.1	267.4	262.2	264.4
Total: (Regulated + Non regulated):							
Unsecuritised	1,084.8	1,095.6	1,109.6	1,113.7	1,122.7	1,131.9	1,141.7
Securitised	127.6	125.9	118.3	116.0	111.1	106.4	101.3
Total	1,212.4	1,221.5	1,227.9	1,229.7	1,233.8	1,238.3	1,243.0

New business volumes

Gross advances of £47.1 billion were recorded in Q1 2014. This was 38.5% higher compared with Q1 2013 and was the highest amount advanced in the first quarter of a year since Q1 2008. Gross advances in Q1 2014 were, however, 8.5% less than in Q4 2013.

Net advances decreased from £9.0 billion in Q4 2013 to £7.0 billion in Q1 2014.

New commitments decreased in value by 3% from £50.3 billion in Q4 2013 to £48.8 billion in Q1 2014. This was, however, an increase of 37.5% compared with Q1 2013.

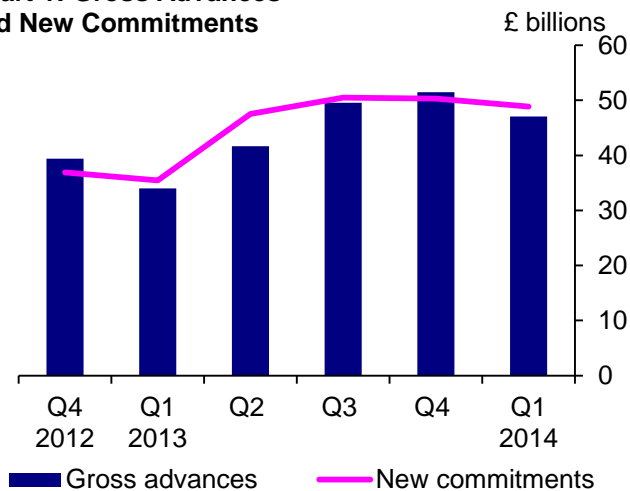
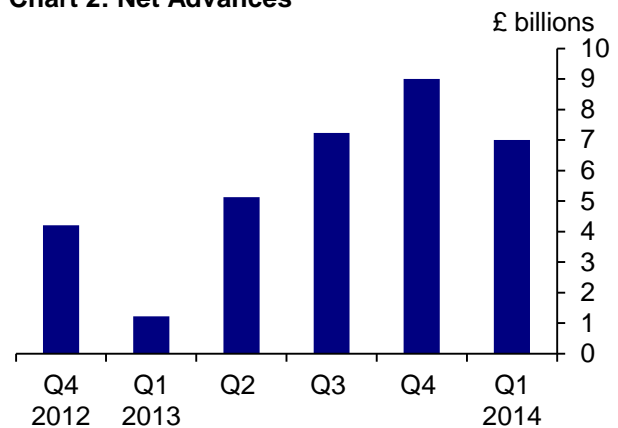
Table B: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

£ billions

Not seasonally adjusted

	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
Business flows							
Gross advances	33.0	36.4	34.0	41.7	49.5	51.5	47.1
Net advances	1.7	2.7	1.2	5.1	7.2	9.0	7.0
New commitments	34.9	37.1	35.5	47.5	50.5	50.3	48.8
Balances outstanding							
Loans (exc overdrafts)	1,084.8	1,095.6	1,109.6	1,113.7	1,122.7	1,131.9	1,141.7
Commitments	67.8	67.6	66.9	67.6	69.2	71.0	73.0

Chart 1: Gross Advances and New Commitments**Chart 2: Net Advances**

Lending characteristics of gross advances

Interest rate trends on residential lending

The proportion of gross advances at fixed rates increased for the sixth consecutive quarter to 81.0% in Q1 2014. This was an increase of 10.3 percentage points compared with Q1 2013 and the highest proportion since the series began in 2007. The proportion of balances outstanding on fixed rate loans has increased by 2.3 percentage points since Q4 2013 to 35.2%.

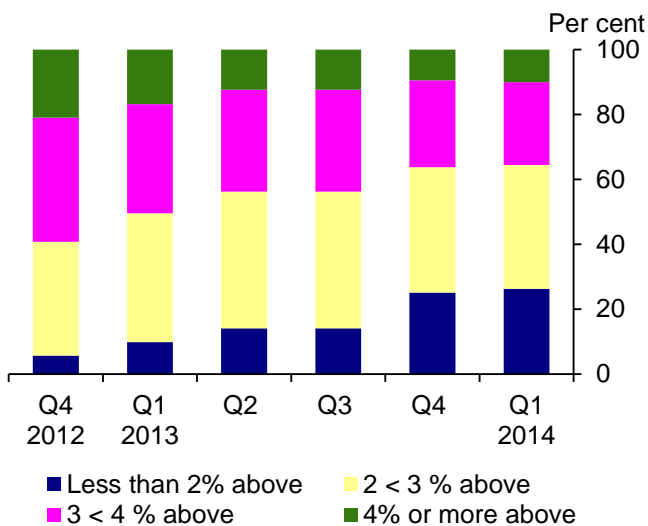
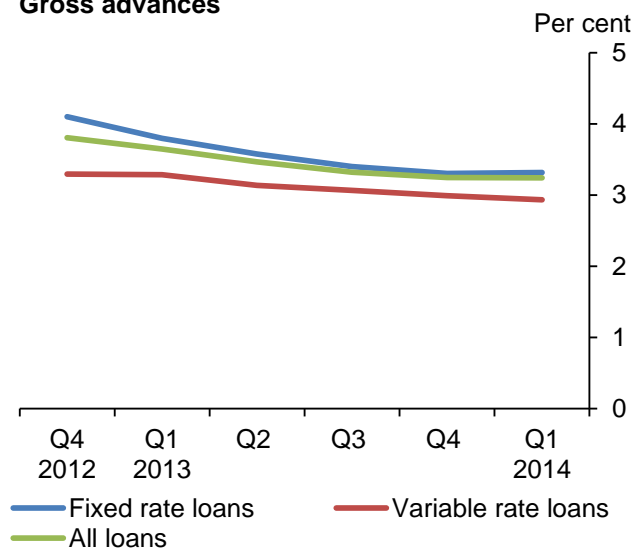
The overall average interest rate on gross advances decreased by 1bps in Q1 2014 to 3.24%. This was the lowest interest rate since the series began in 2007. It was driven by decline in variable rates loan average rates by 6bps to 2.93% and partially offset by the increase in fixed rate loan average rates by 2bps to 3.32%.

The overall average interest rate on total amounts outstanding decreased by 2bps to 3.34% in Q1 2014, the lowest since the series began in 2007. This was entirely due to the decrease in the average interest rate for fixed rate balances of 11bps to 3.74% as the interest rate on variable rate loans remained unchanged at 3.12%.

Table C: Interest rates

Regulated and non-regulated mortgages
Per cent
Not seasonally adjusted

	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
Interest rate basis							
Percent of business at fixed rates							
Gross advances	51.2	55.1	70.7	75.3	77.3	80.3	81.0
Balances outstanding	30.7	27.9	28.4	29.3	30.7	32.9	35.2
Weighted average interest rates							
Gross advances							
Fixed rate loans	4.24	3.99	3.80	3.58	3.40	3.30	3.32
Variable rate loans	3.03	2.90	3.28	3.14	3.07	2.99	2.93
All loans	3.65	3.50	3.65	3.47	3.32	3.25	3.24
Balances outstanding							
Fixed rate loans	5.12	4.74	4.37	4.22	4.03	3.85	3.74
Variable rate loans	2.87	2.93	3.10	3.10	3.12	3.12	3.12
All loans	3.56	3.44	3.47	3.43	3.40	3.36	3.34

Chart 3: Percentage of business above Bank Rate - Gross Advances**Chart 4: Weighted average interest rates - Gross advances**

Breakdown by purpose of new lending (proportions of total residential loans to individuals)

The proportion of lending for house purchase in Q1 2014 was 66.4%, some 1.8 percentage points lower than in Q4 2013. The amount of gross advances for house purchase decreased in the period Q1 2014 compared with Q4 2013 but still was 45.6% higher compared with Q1 2013, and stood at £31.3 billion.

The proportion of lending to first time buyers declined by 0.5 percentage points from the series peak in Q4 2013 to 20.1% in Q1 2014. The value of residential loans advanced to first time buyers decreased over the quarter to £9.4 billion but was still greater by £3.2 billion than in Q1 2013, an increase of 52%.

The proportion of lending for remortgage increased by 0.9 percentage points from Q4 2013 to 27.4% in Q1 2014. The value of remortgage lending was £12.9 billion in Q1 2014 compared with £10 billion in Q1 2013, an increase of 29%.

The buy to let (BTL) proportion of lending increased to 14.4% in Q1 2014. There was a 66% increase in value terms over the past year – from £4.1 billion advanced in Q1 2013 to £6.8 billion in Q1 2014. This was the highest quarterly amount since Q2 2008.

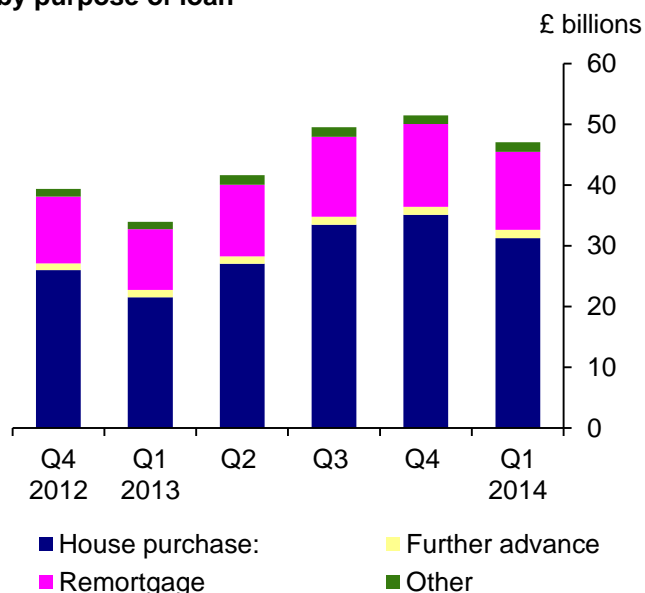
The proportion of other new lending (including lifetime and equity release mortgages) increased from 2.7% in Q4 2013 to 3.3% in Q1 2014.

Table D: Residential loans to individuals by purpose of loan

Regulated and non-regulated mortgages

Not seasonally adjusted

By purpose of loan:	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
Advances							
Per cent							
House purchase:	53.9	59.3	63.4	65.0	67.6	68.2	66.4
Owner occupation:							
FTBs	14.2	18.0	18.2	19.1	20.0	20.6	20.1
Other	31.3	31.5	33.1	33.7	35.7	34.9	31.9
Buy to let	8.4	9.9	12.1	12.1	11.9	12.8	14.4
Further advance	4.3	3.7	3.5	3.0	2.7	2.5	2.9
Remortgage	38.3	33.5	29.4	28.3	26.5	26.5	27.4
Other	3.5	3.5	3.7	3.8	3.2	2.7	3.3
Amount (£ billions)							
House purchase:	17.8	21.6	21.5	27.1	33.5	35.1	31.3
Owner occupation:							
FTBs	4.7	6.5	6.2	8.0	9.9	10.6	9.4
Other	10.3	11.5	11.2	14.1	17.7	18.0	15.0
Buy to let	2.8	3.6	4.1	5.0	5.9	6.6	6.8
Further advance	1.4	1.3	1.2	1.2	1.3	1.3	1.4
Remortgage	12.6	12.2	10.0	11.8	13.2	13.6	12.9
Other	1.1	1.3	1.3	1.6	1.6	1.4	1.6
Total	33.0	36.4	34.0	41.7	49.5	51.5	47.1

Chart 5: Breakdown of gross advances by purpose of loan

The proportions of new commitments for house purchase increased from 62.9% in Q1 2013 to 66.2% in Q1 2014. This was also reflected in the value of new commitments for house purchase, which increased by 45% from £22.3 billion in Q1 2013 to £32.3 billion in Q1 2014.

New commitments for re-mortgaging as a proportion of total commitments decreased by 2.1 percentage points over the year to 28.7% in Q1 2014. In value terms for the past year, however, there was an increase of 28% from £10.9 billion in Q1 2013 to £14.0 billion in Q1 2014.

Next release – 9 September 2014. Release available online at www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx and www.fca.org.uk/firms/systems-reporting/mortgage-lending-stats.

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Table E: New commitments by purpose of loan

Regulated and non-regulated mortgages
Not seasonally adjusted

By purpose of loan:	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
New commitments in quarter							
Per cent							
House purchase	51.6	58.2	62.9	67.1	64.9	66.1	66.2
Remortgage	40.7	34.0	30.8	27.5	30.1	29.1	28.7
Other (inc further advances)	7.7	7.8	6.4	5.5	5.0	4.8	5.1
Amount (£ billions)							
House purchase	18.0	21.6	22.3	31.9	32.8	33.2	32.3
Remortgage	14.2	12.6	10.9	13.1	15.2	14.6	14.0
Other (inc further advances)	2.7	2.9	2.3	2.6	2.5	2.4	2.5
Total	34.9	37.1	35.5	47.5	50.5	50.3	48.8

Lending criteria

The proportion of gross advances at an LTV over 90% increased by 1.5 percentage points and reached 3.6% in Q1 2014, the highest since Q4 2008. Compared with the previous quarter, the proportion of gross advances to borrowers with a single income multiple of more than 4.00x was unchanged at 11.6% in Q1 2014.

The proportion of gross advances to borrowers with joint income multiple of more than 3.00x dropped by 0.2 percentage points in Q1 2014 to 26.8%. The proportion of new lending that is a combination of an LTV over 90% and loan-to-income multiple of over 3.5x for single income borrowers (or 2.75x for joint income borrowers) increased by 1.1 percentage points to 2.6%, the highest since Q4 2008.

Table F: Gross advances by income multiple and loan to value (LTV) ratios

Regulated and non-regulated mortgages
Percent of gross advances
Not seasonally adjusted

	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
Single income multiple:							
Less than 2.50	11.0	10.3	10.5	10.0	9.3	9.2	8.9
2.50 < 3.00	5.0	5.0	4.9	4.7	4.3	4.4	4.2
3.00 < 4.00	11.4	11.7	11.5	11.1	10.5	11.1	10.7
4.00 or over	8.9	10.6	10.0	10.2	10.5	11.6	11.6
Other	10.4	11.2	13.1	12.1	12.1	12.2	14.0
Total on Single income	46.7	48.7	50.0	48.1	46.7	48.5	49.5
Joint income multiple:							
Less than 2.00	11.6	9.7	9.5	9.4	8.8	8.0	7.9
2.00 < 2.50	8.2	7.3	7.1	7.4	7.7	7.2	6.9
2.50 < 3.00	9.6	9.1	9.0	9.2	8.5	8.2	7.8
3.00 or over	22.8	24.0	23.1	24.8	27.2	27.0	26.8
Other	1.3	1.3	1.2	1.1	1.1	1.1	1.1
Total on Joint income	53.3	51.3	50.0	51.9	53.3	51.5	50.5
LTV							
< = 75%	74.1	68.3	67.0	65.2	65.1	64.6	64.7
Over 75 < = 90%	24.2	29.4	30.9	32.3	32.7	33.3	31.6
Over 90 < = 95%	1.3	2.0	1.6	2.0	1.7	1.7	3.1
Over 95%	0.5	0.4	0.5	0.5	0.5	0.4	0.5
LTV (Over 90%) and Loan-to-income multiple > 3.5/2.75*	0.9	1.3	1.3	1.6	1.3	1.5	2.6

* Single income: 3.50 x or more; joint income 2.75 x or more

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Arrears and possessions

The number of new arrears cases in Q1 2014 was 27,761. This was 5% lower than in Q4 2013 and was the lowest since the series began in 2007.

The amount of new arrears also experienced a 23.5% decline from Q1 2013 to Q1 2014 and stood at £52 million. This is a drop of 5% compared with the amount new arrears in Q4 2013.

The total number of loan accounts with reportable arrears continued to decrease - from 264,862 in Q4 2013 to 255,561 in Q1 2014, a reduction of 3.5% and the lowest since the series began in 2007.

The performance of loans in arrears – payments received as a percentage of payments due – also kept increasing for the seventh consecutive quarter to 62.5% in Q1 2014.

Table G: Arrears

Regulated and non-regulated mortgages

Not seasonally adjusted

Loans in Arrears	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
New cases in the quarter (ie moving into 1.5 < 2.5% band)							
Number of loan accounts	36,851	35,336	36,935	32,516	30,086	29,208	27,761
Amount of arrears (£ millions)	72	68	68	61	56	55	52
Balance outstanding (£ millions)	3,861	3,673	3,657	3,286	3,018	2,975	2,804
Arrears cases at end of quarter							
Number of loan accounts	337,031	302,976	299,520	292,178	279,649	264,862	255,561
Amount of arrears (£ millions)	2,004	1,792	1,750	1,718	1,695	1,630	1,593
Balance outstanding (£ millions)	34,961	30,736	29,336	28,472	27,138	25,985	24,822
Balances as % of total loan balances (per cent)	2.88	2.52	2.39	2.32	2.20	2.10	2.00
Performance of arrears cases in Qtr (per cent)	56.01	56.08	58.31	60.50	61.40	61.85	62.51
Arrears cases by severity							
Balances on cases in arrears as per cent of total loan balances							
1.5 < 2.5% in arrears	0.82	0.76	0.74	0.72	0.68	0.65	0.62
2.5 < 5.0% in arrears	0.97	0.82	0.79	0.77	0.73	0.69	0.65
5 % or more in arrears	0.91	0.74	0.70	0.69	0.67	0.64	0.61
In possession	0.19	0.19	0.15	0.14	0.13	0.11	0.11
Total	2.88	2.52	2.39	2.32	2.20	2.10	2.00
Number of cases in arrears as per cent of total number of loans							
1.5 < 2.5% in arrears	0.59	0.56	0.60	0.58	0.55	0.53	0.52
2.5 < 5.0% in arrears	0.69	0.62	0.65	0.63	0.61	0.58	0.56
5 % or more in arrears	0.85	0.72	0.77	0.76	0.74	0.71	0.70
In possession	0.11	0.10	0.09	0.08	0.08	0.07	0.07
Total	2.24	2.02	2.11	2.06	1.98	1.90	1.85

New possession cases totalled 6,687 in Q1 2014 – a reduction of 17.4% from Q1 2013. Sales of possession cases were down 22% from 8,499 in Q1 2013 to 6,650 in Q1 2014.

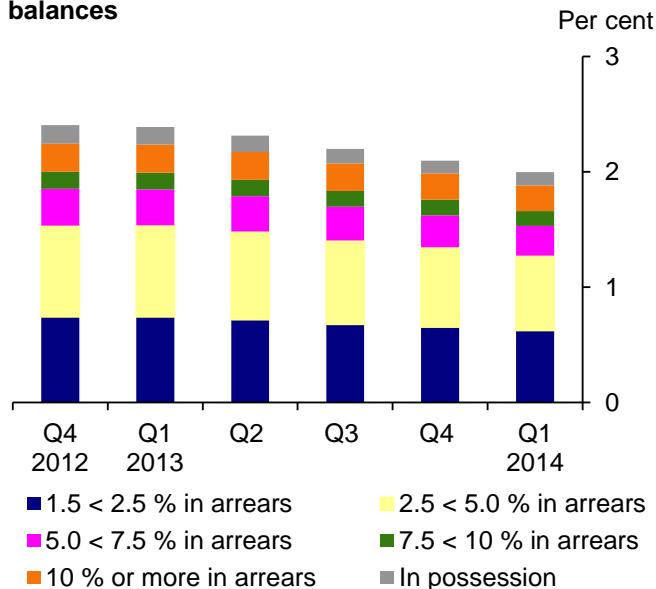
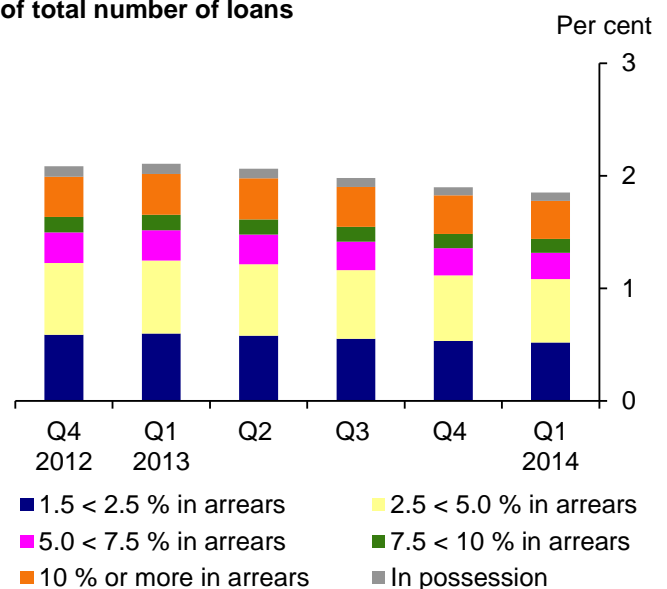
Possession sales fell below new possessions for the first time after being higher than them over the past nine consecutive quarters. The stock of possession cases remaining unsold increased from 9,962 in Q4 2013 to 10,154 in Q1 2014.

A total amount of arrears of £29 million on 7,317 accounts were capitalised in Q1 2014. This was a decrease of 10.7% in the number of capitalised arrears accounts compared with Q4 2013.

Table H: Possessions

Regulated and non-regulated mortgages
Not seasonally adjusted

Possession cases: movements & stocks	2011 Q1	2012 Q1	2013 Q1	Q2	Q3	Q4	2014 Q1
	New possessions	9,615	9,531	8,092	7,795	7,349	6,137
Possession sales	9,063	9,549	8,499	8,506	7,973	7,626	6,650
Stocks of possessions at end quarter	16,020	15,385	12,877	12,034	11,326	9,962	10,154
Capitalisations of arrears cases							
Number in quarter	12,865	8,118	8,139	7,556	8,013	8,190	7,317
Arrears capitalised in quarter (£ millions)	34	28	29	27	29	32	29
Balance outstanding at end quarter (£ millions)	1,187	894	892	810	868	909	813

Chart 6: Balance on cases in arrears as % total loan balances**Chart 7: Number of cases in arrears as a proportion of total number of loans****About these data:**

As noted in the March 2013 [article](#), with effect from June 2013, this Bank of England and FCA Statistical Release on Mortgage Lenders and Administrators Statistics replaces the Statistics on Mortgage Lending release previously published by the FSA. There is some overlap in the data covered in this release and with the Bank of England releases on [Money and Credit](#) and on [Effective Interest Rates](#), and also with statistics published by [the Council of Mortgage Lenders](#). It should be appreciated that differences in reporting populations, definitions and seasonal adjustment will affect any direct comparisons of data series reported across these releases.

Further information can be found in the explanatory notes, available at <http://www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/mlar.aspx>

If you have any queries with regards to these data please contact either the Bank/PRA (email MLAR@bankofengland.co.uk or call 020 7601 5478) or FCA (email mlarstatistics@fca.org.uk) as required.

Technical notes

General

- 1 Around 300 regulated mortgage lenders and administrators are required to submit a Mortgage Lenders & Administrators Return (MLAR) each quarter, providing data on their mortgage lending activities and covering both regulated and non-regulated residential lending to individuals. Following the creation of the Bank of England Prudential Regulation Authority (PRA) and of the Financial Conduct Authority (FCA) on 1 April 2013, these mortgage lending statistics are compiled and published jointly by the two regulators.
- 2 Please note that tables in this release are summaries of more detailed data tables available at <http://www.bankofengland.co.uk/prd/Pages/regulatorydata/mlar/2014/q1publication.aspx>. The linkages between these information sets in each case are as follows:

Release Table	Underpinning Data
A	Table 1.11
B	Table 1.21
C	Table 1.22
D	Table 1.33
E	Table 1.33
F	Table 1.31
G	Table 1.7
H	Table 1.7

Regulated and non-regulated loans

- 3 A regulated loan is a loan to an individual, secured by a first charge on residential property, and where the property is for the use of the borrower or a close relative.
- 4 A non-regulated loan for MLAR purposes is all other mortgage lending to individuals that is not regulated. It includes buy-to-let lending, second charge lending and, in some cases, further advances on loans that were originally taken out before regulation came into effect on 31 October 2004.
- 5 All mortgage loans extended before 31 October 2004 are classified as non-regulated. This means that there will be a gradual shift over time in numbers and amounts outstanding from the non-regulated to regulated mortgage lending categories, as older mortgages are paid off or are subject to re-mortgaging. Flows of non-regulated mortgage lending have been modest compared with regulated mortgage lending since that date.

Securitisations

- 6 Some lenders parcel up loans into a special purpose vehicle (SPV), and create Loan Notes secured on the parcel of loans ("securitisation"). They sell the Notes to third party investors; thereby raising funding that broadly matches the loans, with the risks attached to the loans passing from the lender to the Note holders.
- 7 Additional guidance has been given on the classification of securitised loans where that security has subsequently been used as collateral for Bank of England liquidity schemes, such as the Special Liquidity Scheme. For more details see <http://www.fca.org.uk/firms/systems-reporting/gabriel/help/mla>. In such circumstances the risks attaching to the performance of the underlying pool of loans remains with the lender and no risk transfer has taken place to the Bank of England; these loans should therefore be reported on the MLAR as un-securitised loans. Due to this, there has been some reclassification between the securitised and un-securitised portfolios. This affects the series in tables 1.4 and 1.6 in particular.

New business volumes

- 8 Data are collected on three prime measures for the unsecuritised loan book:
 - Gross advances: the amount of new loans to borrowers.

- Net advances: the amount of gross advances less borrower repayments (including normal periodic repayments on capital repayment loans; repayment of existing loans at time of re-mortgage or house move etc.).

- New commitments: the amount of new lending that a lender has agreed to advance in coming months to house movers, re-mortgagers, first time buyers, and those seeking a further advance.

Lending criteria

- 9 The two main measures within the dataset of lending criteria are loan to value (LTV, the loan as a percentage of the value of the property) and income multiple (the loan advance as a multiple of income, defined as the borrower's main income, pre-tax). Income multiple calculations are reported separately for single income and for joint income loan applications.
- 10 Another characteristic of new lending is information about whether a borrower had an impaired credit history at the time of the new loan application. The MLAR definition of an impaired credit history includes borrowers with any of the following: arrears of three months or more on a previous loan in the last two years; county court judgment (CCJ) over £500 in the last three years; or being subject to a bankruptcy order or IVA at any time in the last three years.

Interest rate analysis

- 11 MLAR classifies mortgage lending by fixed or variable rate basis, and collects data on average interest rate margins defined as the margin of the interest rate over the Bank of England Bank Rate (BBR). Fixed rate includes all products subject to a fixed interest rate for a stated period or subject to a cap or collar arrangement, but not variable rate products subject to annual review payment arrangements. Variable interest rates cover all other interest bases, including those at a premium or discount to an administered rate.
- 12 Weighted average interest rates are calculated by weighting the relevant nominal interest rates applying over the quarter by amounts outstanding at the previous reporting date, by individual products.

Arrears and possessions

- 13 Arrears are defined as instances when any contractual payments, of capital, interest fees or other charges, are overdue at the reporting date. Arrears reported in the MLAR data relate only to loans where the amount of actual arrears is 1.5% or more of the borrower's current loan balance. For example, if the loan balance is £100,000 arrears in respect of the loan will only be captured in MLAR once they have reached £1,500 or more.
- 14 For accounts in arrears, a temporary concession is defined as an agreement with the borrower whereby the monthly payments are either suspended or less than they would be on a fully commercial basis. A formal arrangement is defined as either an agreement to capitalise all or part of past arrears or an agreement to make increased monthly payments to reduce some or all of the existing arrears. Amounts in arrears subject to temporary concessions continue to be classified as arrears. Amounts in arrears subject to capitalisation arrangements are reported as arrears until the criteria for 'fully performing loans' are met, which include that the revised schedule of loan repayments has been met for at least six months.
- 15 Information on accounts with temporary concessions or formal arrangements relates only to those cases which have arrears over the reportable threshold. There may be other types of forbearance in place for some borrowers which are not captured in these figures as they are either not yet in arrears, or the arrears are not sufficiently large to be reportable.
- 16 Data are collected on the performance of loans in arrears. Performance is measured as payments received in the quarter expressed as a percentage of payments due (i.e. under normal commercial terms to fully service the mortgage debt).
- 17 For accounts in arrears, data on capitalisations are also collected and published. Capitalisations are defined as formal arrangements to add all, or part of, a borrower's arrears to the amount of outstanding principal.
- 18 A 'possession' relates to any method by which, in an arrears case, the lender takes the secured property into their possession (including by a court Possession Order, or by voluntary surrender by the borrower). This also

includes cases where Receivers of Rent have been appointed. MLAR possessions data relate to individual loan accounts in possession.

Arrears as a percentage of balances approach

- 19 The 1.5% threshold used in the “arrears as a percentage of balances approach” was adopted to replace an earlier 2.5% threshold that had been used in analysis of building society arrears from the early 1990s.
- 20 For ease of comparison, sub-totals for a 2.5% threshold as well as for the 1.5% threshold are presented in the Detailed Tables on arrears. More detail is available in the Frequently Asked Questions (FAQs) relating to the MLAR on the FCA website at <http://www.fca.org.uk/firms/systems-reporting/gabriel/help/mla>.

Loan accounts in arrears

- 21 It should be noted that numbers of loan accounts in arrears, which is the basis on which these data are reported in the MLAR statistics, need not equate to the number of borrowers in arrears. Numbers of individual loan accounts in arrears will include arrears rising on:
- First charge loans;
 - Second and subsequent charge loans (where the borrower takes an extra loan from another lender); and
 - Some further advance loans (cases where the first charge lender establishes a further advance on the original mortgage as a separate loan account, but is unable to combine the two accounts for MLAR reporting purposes).
- 22 As a result, arrears numbers on the MLAR are reported on a different basis from, and are materially higher than the corresponding data published by the Council for Mortgage Lenders (CML), on numbers of first charge mortgages in arrears. A second, more significant, difference between these datasets which adds to this effect is the use of a higher percentage of balances threshold for arrears, 2.5% in the case of CML data, compared with 1.5% in the case of MLAR data.

Loan accounts in possession

- 23 This number does not represent the number of borrowers that have been subject to possession. It represents the number of individual loan accounts in possession, and covers possessions arising on:
- First charge loans
 - Second and subsequent charge loans (where the borrower takes an extra loan from another lender)
- 24 In practice however, where a borrower has first and second charge loans with separate lenders, it will not always be the case that both lenders report their loan accounts as a possession. MLAR possession figures also include cases where a Receiver of Rent has been appointed.