

**Press Release – The Money Charity – For Immediate Release**

(BEGINS)

**Snapshot of UK Mortgages in Crisis**  
**The Money Statistics May 2023**

**Reduced lending amounts, prompted by interest rate rises, indicate a crisis of mortgage unaffordability for people across the UK, according to the May 2023 Money Statistics, produced by The Money Charity.**

With interest rates continuing to rise and lending figures falling in kind, the signs are of a brewing crisis of mortgages becoming unaffordable, both for existing borrowers and those new to the property market. The Bank of England base rate now sits at **4.5%**<sup>1</sup>, having been raised from **4.25%** in mid-May. This is the ninth consecutive rise since May 2022 as an attempt to control and lower inflation.

However, these ongoing rises have in turn seen total net lending to individuals and housing associations by UK banks and building societies shrink by **£65 million**<sup>2</sup> in March 2023, or **£2.1 million a day** over revised figures for February 2023, with net mortgage lending having also shrunk, by **£1.3 billion**<sup>3</sup> in the month. Meanwhile net consumer credit lending has increased by **£464 million**<sup>4</sup>. These numbers strongly suggest that borrowing is becoming less attractive and mortgages are becoming unaffordable, while people are still willing (or are having) to turn to credit, potentially to meet the rising cost of affording essentials.

At the end of March 2023, the average mortgage interest rate was **2.75%**<sup>5</sup>. Based on this, households with mortgages would pay an average of **£4,113** in interest over the year. Whereas for new loans, the average rate was **4.44%**<sup>6</sup>, meaning first-time buyers would pay an average of **£8,237** in the year. With these points of difference, it is perhaps unsurprising to see fewer people applying for mortgages and fewer being approved for them, with the UK mortgage approval total falling from **74,425** in August 2022 to **35,612**<sup>7</sup> in December. Throughout 2022, there were **370,287**<sup>8</sup> first-time buyers in the UK, a **9.3%** decrease from 2021.

**Michelle Highman, Chief Executive of The Money Charity says:**

“For a significant majority of people, home ownership is one of the primary financial goals in life and it is a goal which will, for most people, require both significant saving and resorting to borrowing. However, we also know that it can be one of the most remote goals for far too many people, especially while the cost of living crisis keeps pushing it even further away. Equally many homeowners with existing mortgages have also been impacted by rising interest rates, in some cases, they are paying up to twice as much in repayments as before. Many will struggle to cover that kind of increase, especially with other costs also rising.

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<sup>1</sup> (The Money Statistics May 2023 Full Report, P15)

<sup>2</sup> (The Money Statistics May 2023 Full Report, P6)

<sup>3</sup> (The Money Statistics May 2023 Full Report, P6)

<sup>4</sup> (The Money Statistics May 2023 Full Report, P6)

<sup>5</sup> (The Money Statistics May 2023 Full Report, P9)

<sup>6</sup> (The Money Statistics May 2023 Full Report, P9)

<sup>7</sup> (The Money Statistics May 2023 Full Report, P4.1)

<sup>8</sup> (The Money Statistics May 2023 Full Report, P4.1)

“Having financial goals, as well as for those goals to feel obtainable and sustainable, plays a big part in overall Financial Wellbeing. It’s also important for people to have a sense of being able to use their money to achieve their dreams in life rather than being controlled by their money. That’s why it is so significant and concerning to see these figures and for what they represent for many households across the UK.”

### **Other Striking Numbers from the May Money Statistics:**

- **61%** of Christians Against Poverty clients reported that they couldn’t afford basic toiletries such as soap, toothpaste and sanitary products. (P4.1.)
- In Scotland in March 2023, Citizens Advice Scotland gave **102,353** pieces of advice, with debt advice being **10% of the total**. (P7.)
- Private rental prices in the UK rose by **4.9%** in the 12 months to March 2023, up from a revised **4.8%** for the 12 months to February 2023. (P5.)

**Get the full picture and many more fascinating facts about money in the UK in our monthly Money Statistics.**

### Notes to Editors

- For over 25 years, The Money Charity has been the UK’s Financial Capability charity. We proactively provide education, information, advice and guidance to people of all ages, to reach our vision of seeing everyone achieving Financial Wellbeing by managing their money well. We empower people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives. Find out more at <https://themoneycharity.org.uk/>
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  - You clearly acknowledge The Money Charity as the providers of the information and point your audience towards signing up themselves for the monthly report; and
  - You do not make substantive adjustments to the presentation of the statistics, such as amending the statistic phrasing, or for example, repurposing the statistics into a format they are not appropriate for, such as an editorial/’opinion piece’ from the charity.
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