

# Unregulated funds are threatening to repossess homes of mortgage prisoners, MPs warn

**Some unregulated funds are threatening to repossess homes occupied by mortgage prisoners during the coronavirus pandemic, despite measures announced by the Chancellor Rishi Sunak to ease the burden on consumers and businesses, MPs have warned.**

[By Greg Wright](#)

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MPs say they have been inundated with messages of concern from businesses and consumers.

In a joint letter to the Treasury, the Financial Conduct Authority and the Bank of England, the APPGs on Fair Business Banking and Mortgage Prisoners say they have been inundated with concerns from businesses and individuals across the country.

With regards to mortgage prisoners, the letter says; “ Unregulated funds are slow to react, and in some cases refusing to cooperate, citing that they are not regulated funds so do not have to adhere to guidance.

“Some unregulated funds are still threatening legal and repossession actions.



Chancellor of the Exchequer Rishi Sunak Copyright: pa

“Mortgages are now being withdrawn from the market - a number of lenders have withdrawn products, particularly from the intermediary market - including many with high LTVs (loan to value). We are very concerned that recent withdrawal of products reduces the FCA’s estimate that 14,000 mortgage prisoners will be able to switch to improved deals.”

Mortgage prisoners are consumers who are unfairly trapped in their current deal, often with an inactive or unregulated lender.

A Government spokesperson said: “The Chancellor has announced an unprecedented package of support for workers and businesses.

“As part of this, mortgage lenders have agreed to offer payment holidays of up to three months, for anyone struggling with their finances and not already in arrears. We’ve also instructed firms to not commence or continue repossession action against customers at this difficult time.

“Any customers who are concerned about their current financial situation should contact their lender to discuss the best option for them.”

Support for workers and businesses announced by the Chancellor includes providing £330 billion in business loans and guarantees, paying 80% of the wages of furloughed workers for three months, VAT and tax deferrals, introducing cash grants of up to £25,000 for small business and covering the cost of statutory sick pay.

The Treasury has said it will respond to the letter from the APPGs in due course.