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The demise of the self-certification mortgage

The Financial Services Authority's mortgage market review is due out next week and expectations are that the City regulator will bring new self-certification mortgages to a final end.

When the first bubbles began to burst to signal the start of the mortgage crisis back in July 2007, 860 or 23% of the 3,803 prime residential mortgages were available through self-certification.

Self-certification mortgages were originally designed to assist people who could not accurately prove their true level of earnings, such as the self employed, contract workers or people with several sources of income.

There are now only two self-certification mortgages left in the market, both available from Platform, part of Britannia BS, and are only available to the self-employed.

Darren Cook, spokesperson at Moneyfacts.co.uk, commented:

“The demise of the self-certification mortgage began shortly after the start of the current mortgage crisis, as lenders introduced much stricter lending criteria and began to shy away from higher risk lending such as self-certification and sub-prime mortgages.

“There would have been a place for self-certification mortgages in the market, but only if the product was prudently assessed for realistic declarations and sold to people whom it was originally designed to assist in the first place.

“If self-certification mortgages are proved to be one of the strong catalysts of the mortgage crisis, then these mortgages have only a place in the history books of personal finance.

“It is likely that a ban on self-certification mortgages will also signal the end of fast track mortgages. Many lenders used this process where proof of income was not initially required but they reserved the right to see evidence at any time.”

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Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

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