

# Research, by BUTTERFIELD.



If the past two years have taught us anything, it is to expect the unexpected. Uncertainty is rife at present and, with inflation now back above 10% and predictions that the cost-of-living rising will rise further in 2023, this issue will not disappear any time soon.

The Bank of England is treading a tricky tightrope in its battle with inflation. There have been several consecutive interest rate hikes, with the base rate rising to 3% in the past year and further balancing acts on the cards. The central bank has already warned that rates will rise faster than expected after Liz Truss and Kwasi Kwarteng's mini-budget caused turbulence across the financial markets.

The fallout from the mini-budget ultimately cost Truss and Kwarteng their jobs. The comings and goings at Downing Street after months of political fever have contributed to the uncertainty that is troubling many people, businesses and investors.

Borrowers are bracing themselves as they try to navigate a turbulent economic landscape, with rising energy costs, high inflation and geopolitical tensions derailing hopes of a smooth post-pandemic recovery.

To shine a light on how the rising interest rate environment is impacting mortgage customers' finances and investment considerations, Butterfield Mortgages commissioned an independent survey among 1,350 UK mortgage customers. We examined respondents' views on their current lender and the wider mortgage market, their borrowing requirements, and the challenges and financial concerns they are battling.

## Carried out in August 2022, the survey found:



33% of UK mortgages say the interest rate hikes have made their mortgage repayments unaffordable



44% are more concerned about rising interest rates than inflation



27% are actively shopping around for a new mortgage, with 42% inclined to switch to another provider that is offering a longer fixed-term product



45% believe their mortgage provider has been proactive in providing support or communication about the implications of rising interest rates



More generally, 53% of UK mortgage customers consider lenders to be too inflexible



33% were rejected by one or more lenders before securing their current mortgage



54% feel high street banks are becoming less important as more specialist lenders offer mortgage

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## Lenders must take note

“Borrowers are facing a very challenging economic landscape. Our research has shown the extent to which seven consecutive interest rate hikes by the Bank of England have impacted mortgage repayments and elicited wider financial concerns among many UK adults.

Positively, the study underscored the value borrowers place on lenders’ ability to help them navigate the current economic headwinds, with many seeking support from their providers about the implications of rising interest rates on their finances. Whether through enhanced communication, advice or products, it is clear that lenders have a critical role to play. As will brokers.

Indeed, the research found that borrowers are considering their options and taking proactive steps to minimise the impact of the rising interest rate environment. For instance, many are shopping around to determine the best rates and considering different mortgage providers.

As lenders, we must do everything we can to help mortgage customers carve the best possible financial path through these mounting challenges. This includes taking proactive steps towards anticipating borrowers’ evolving needs and offering greater flexibility with long-term and fixed rates, which may provide a sense of security over the potentially uncertain times ahead.”



**Alpa Bhakta**  
*CEO, Butterfield Mortgages Limited*

BML is a London-based prime property mortgage provider with a particular focus on UK and international high net worth individuals. For more information about our prime property mortgages, get in touch with a member of the team today.

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## About the research

The market research was carried out between 1st and 9th of August 2022 among 2,000 UK adults via an online survey by independent market research agency Opinium.

Opinium is a member of the Market Research Society (MRS) Company Partner Service, whose code of conduct and quality commitment it strictly adheres to. Its MRS membership means that it adheres to strict guidelines regarding all phases of research, including research design and data collection; communicating with respondents; conducting fieldwork; analysis and reporting; data storage.

The data sample of 2,000 UK adults is fully nationally representative. This means the sample is weighted to ONS criteria so that the gender, age, social grade, region and city of the respondents corresponds to the UK population as a whole. These questions focus on a collection of 1,350 UK adults who own a residential property in the UK.

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