

[AS INTRODUCED]

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TO

Establish an inquiry into the events surrounding the creation of mortgage prisoners, their consequences and any other relevant matters; and for connected purposes.

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Mortgage prisoners public inquiry

- (1) The Secretary of State must as soon as reasonably practicable establish a public inquiry into the events surrounding the creation of mortgage prisoners, their consequences and any other relevant matters.
- (2) The terms of reference of that inquiry must include—
 - (a) the actions of the Government, the Financial Conduct Authority (FCA) and the Financial Ombudsman Service (FOS) in the events leading to the creation and treatment of mortgage prisoners; and in particular—
 - (i) the negotiations between HM Treasury, UK Financial Investments (UKFI), UK Government Investments (UKGI), UK Asset Resolution (UKAR) and prospective buyers of the mortgage loans taken over by the Government in the financial crisis of 2007/8 and the persons involved on both sides in these negotiations, 10
 - (ii) the evidence HM Treasury, UKFI, UKGI and UKAR have of the verbal assurances given by prospective purchasers that by returning these mortgages to the private sector the option to be offered new deals, extra lending and fixed rates would become available to these customers, 15
 - (iii) the reasons that HMT did not require written assurances from purchasers of these loans that they would offer customers new deals, extra lending and fixed rates, and 20
 - (iv) any assessments made by the Government at the time of sale of the effect on the holders of these mortgages sold on by HM Treasury; 25
 - (b) any attempt to mitigate the effects of such sales on the mortgagees;

- (c) an assessment of whether executives of UK Asset Resolution were rewarded for the execution of these sales and if so to what extent;
 - (d) the gross and net benefits to HM Treasury of the sale of these mortgages;
 - (e) a review of the effect on the mortgage prisoners of the onward sale of their mortgages by the Government, including the number of such prisoners, their financial circumstances and their current prospects of any relief; 5
 - (f) the impact on mortgage prisoners of the decisions made by HM Treasury related to the FCA's regulatory perimeter; 10
 - (g) the impact on mortgage prisoners of decisions made by the FCA, their policies related to mortgage prisoners and their supervision of firms involved in lending to mortgage prisoners;
 - (h) an assessment of the handling by the FOS of complaints by mortgage prisoners to the FOS; 15
 - (i) a quantification of the harm caused to mortgage prisoners by the policies of the Government, UKFI, UKGI, UKAR, the FCA and the FOS;
 - (j) the power to make recommendations.
- (3) For the purposes of the inquiry, mortgage prisoners are defined as people who have been or are unable to switch mortgages to a better deal, even if they are up to date with their payments. 20

2 Provisions of the Inquiries Act 2005 to apply to the inquiry

The following provisions of the Inquiries Act 2005 apply to the inquiry established under section 1 as if it was an inquiry under that Act— 25

- (a) sections 2 to 14 (constitution of inquiry);
- (b) sections 17 to 23 (inquiry proceedings);
- (c) sections 24 to 26 (reports);
- (d) section 27 (United Kingdom inquiries);
- (e) section 31 (the relevant part of the United Kingdom and the applicable rules); 30
- (f) sections 35 to 43 (supplementary and general);
- (g) section 50 (Crown Application).

3 Extent, commencement and short title

- (1) This Act extends to England and Wales, Scotland and Northern Ireland. 35
- (2) This Act comes into force on the day on which it is passed.
- (3) This Act may be cited as the Mortgage Prisoners Inquiry Act 2024.

Mortgage Prisoners Inquiry Bill [HL]

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Establish an inquiry into the events surrounding the creation of mortgage prisoners, their consequences and any other relevant matters; and for connected purposes.

Lord Sharkey

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