

The social consequences of mortgage repossession for parents and their children

In 1998, an average of 650 households a week were losing their homes through repossession. A qualitative study by Sarah Nettleton, Roger Burrows, Jude England and Jenny Seavers of the University of York has explored its impact on households with dependent children. The researchers interviewed both adults and children who had lost their home through mortgage repossession and who were subsequently rehoused in the social rented sector. They found that the experience can have distressing and enduring social, psychological and health consequences for both parents and their children.

- f** The experience of mortgage repossession and subsequent re-housing was immensely stressful for the families interviewed. This stress was compounded by the protracted administrative processes and procedures of the lenders, the courts and local authorities.
- f** The experience of the *processes* of repossession impacted upon the lives of families for some time after the event. People described how they did not have any control over the events associated with the repossession, despite the fact that they all worked hard at trying to find solutions to their problems. They had all endured long periods of uncertainty.
- f** Mortgage repossession was often a route to long-term poverty and substantial debt. Women were found to be especially vulnerable in circumstances where the repossession was the result of relationship breakdown.
- f** The experience of mortgage repossession invoked extreme emotional responses and people described the profound sense of loss they felt at losing the family home. Both parents and children often felt ashamed at their move from the status of 'owner' to that of 'renter'.
- f** The experience of repossession had consequences in six main aspects of peoples' lives. It altered: their social status and identity; their personal and family relationships; their health and well-being; the quality of their lives; their future hopes and aspirations; and the lives of their children.

Background

High rates of mortgage repossession continue to be a major social problem in Britain. Between 1990 and 1998, a total of 454,280 households, containing 1.3 million adults and children, experienced mortgage repossession. Although the number of repossessions peaked in 1991 at 1,453 households a week, in 1998, 650 households a week were still losing their homes in this way.

People's experience of mortgage repossession

The study found that the experience of losing the family home had long-term social consequences for the family.

Repossession is a traumatic, emotional and stressful life event. The families interviewed highlighted the impact of the uncertainty surrounding repossession, and they very often felt that they lacked any control over their circumstances. Examples of such uncertainties included: whether or not a lender will decide to repossess a house; whether the courts will uphold an eviction order or suspend an eviction; whether or not local authorities will classify a household as intentionally homeless; lack of clarity about where the household will be placed; whether or not children will be able to stay at their schools; and so on. The following quotation from one respondent is typical of many:

"What is going to happen to me? When I go into court are they going to suspend it again, are they not going to suspend it again? If they don't, what am I going to do? Where am I going to go? Am I going to end up on the street? Am I going to come back from somewhere and find my furniture in the garden? You know - what's going to happen? The fear of the unknown."

The uncertainty and lack of control associated with mortgage repossession is also, in large measure, compounded by a marked lack of clarity in the practices and procedures of lenders, the courts and local authorities.

The social consequences of mortgage repossession

The main social consequences of mortgage repossession are summarised in Figure 1.

For most families in the study, the consequences were both dramatic and overwhelmingly negative. At a personal level, people felt that their social status, identity and sense of self-worth had all been damaged. "I felt a complete failure" was a phrase used by many people, and they described how they felt they had let their family down. Some people described how they felt ashamed because of their move from 'owner' to 'renter' status. Many reported how they had lost self-confidence and self-esteem.

Figure 1: Social consequences of mortgage repossession

The processes of mortgage repossession and losing the family home has consequences for:

<i>Social status and identity</i>	<i>Personal and family relationships</i>	<i>Health and well-being</i>	<i>Quality of life</i>	<i>Future aspirations</i>	<i>Children</i>
Stigma	Marital breakdown	Poor mental health	Homelessness	Financial insecurity	Loss of friends
Humiliation	Relationship tension	Poor physical health	Loss of lifestyle	Fear of the future	Schooling
Embarrassment	Split-up household	Depression	Poverty	Fear that they can't buy house again	Health
Loss of 'owner' status	Arguments	Stress	Long-term debts	Lost 'hopes and dreams'	Emotional insecurity
Sense of failure	Lost 'hopes and dreams'		Insecure tenancy	No independence	
Letting family down	Inability to invest trust in relationships		Social isolation	Social isolation	
Loss of confidence			Loss of job	Poverty in old age	
Loss of self-esteem			Loss of friends		
Sense of regret			Unsuitable accommodation		
Becoming 'second-class citizens'	Parenting difficulties		Lack of space		
			Loss of personal possessions		
			No access to credit		
			Loss of pets		

Personal and family relationships were also disrupted and in some cases shattered. Relationships between partners were placed under immense strain. Parenting under these stresses and uncertainties was also more difficult. Whilst in some cases members of the household's extended family offered support, in other cases these relationships were more difficult. For example, some people described how their relatives had made negative comments about the fact that they had lost their home and were now in receipt of state benefits.

The physical and mental health of many people was affected. Most of the men and women who participated in the study had suffered from depression. As one man said, "Depression is the biggest thing that's happened to me - I didn't know that I could feel like this." A small number of men said that they had contemplated suicide, but that they had not gone through with it because they wanted to do what they could for their children. Chronic conditions among both adults and children, such as asthma or seizure, got worse. The experience of repossession also affected people's attitudes to their own health - for example, one woman who had given up smoking nine years previously took up the habit again.

A move from being a home-owner to being a renter had quite dramatic effects on the quality of life of many families. For example, some moved to 'undesirable' neighbourhoods, experienced significant life-style changes, and found themselves having to endure significant poverty and debt. Some families who had started rebuilding their lives had been "shattered" and "shocked" when, years after the event, they received letters from their lenders demanding thousands of pounds - "We thought perhaps we can start rebuilding our future, and this one [letter] comes, and it was thirty thousand, and that's it, we're done."

Lack of financial resources and a lack of self-confidence also meant that some people felt intensely isolated socially and were not able to participate in social activities. A further legacy of outstanding debt was that people felt unable to take on paid work, as they feared that the lenders would chase them more vigorously for the money they still owed.

People's future aspirations were severely curtailed. Respondents said, "I feel that I have got no control over my future." Many felt anxious and worried about what the future might hold for their housing, financial and social circumstances. For most adults their prime concerns and worries related to their children. In particular they were worried about the

consequences for their children's schooling, their friendships, their health and their change of life-style.

How children are affected by mortgage repossession

The 17 children interviewed in this study were concerned about their parents' well-being, and some felt that they would have liked to have done more to help them. However, they felt that they had very little control over the situation, because their parents could do nothing about it, and because they themselves were dependents. For example, one 17-year-old young man, whose family had lost their home because his father had left and had failed to keep up with the mortgage payments, said, "I wished that there was something, some difference or some way that I could have helped my mum to prevent it from happening."

Children were worried by the uncertainty about where they might live and if the family would be able to stay together. Children particularly disliked having to endure repeated moves, which impacted upon their schooling and their friendship networks. As one 7-year-old boy said, "I'll keep moving. I won't even remember a single friend." It was also difficult to explain to their friends why they kept moving.

How women are affected by mortgage repossession

Out of the 30 households interviewed for the study, 9 involved families where the husband or male partner had stopped paying the mortgage. In many cases, women were not aware that this had been happening until after he had left the family home.

Women were especially vulnerable to poverty and debt. For instance:

- Where a male partner had left the family, lenders tended to pursue the outstanding debts on the repossessed home with the woman, who they were more likely to be able to contact, than the absent man.
- The husband or male partner often controlled the household finances, and in some of these cases men had taken out further loans and/or mortgages in joint names.
- Women were more likely to become lone parents, making it more difficult to take on paid work because of parenting responsibilities and the costs of child care.
- As other studies have shown, many women described how they always made sure that their

children's needs - for food, clothing and social activities - were met before their own.

Conclusion: How could things be improved?

The authors conclude that the effects of mortgage repossession on families are so great that repossession should be avoided wherever possible, and alternatives should be explored. Changes to social security, for example the introduction of a mortgage benefit, could reduce the number of repossessions. Mortgage lenders could develop more flexible mortgage packages and extend the use of mortgage rescue schemes.

Mortgage repossession is not just an issue for housing policy. Improvements in the co-ordination of the actions and policies of lenders, the courts and local authorities, and a 'joined-up' policy response between social security, housing, health, employment and family policies are also needed. A high level of unsustainable home-ownership has major implications for the development of policies to support families, to reduce health inequalities and also for policies which aim to improve the social position of women.

The authors suggest that the right of lenders to pursue outstanding debts associated with repossessed homes for up to twelve years, and the selling on of outstanding debts to debt collecting agencies, should be reviewed. In addition, the voluntary Mortgage Code subscribed to by many lenders could be amended to highlight the issues of indebtedness and repossessions.

Policies and procedures on homelessness and the legal framework in which they operate should be reviewed with a view to reducing the considerable uncertainty experienced by families who lose their homes due to repossession. For example, local authorities could be encouraged to offer to re-house families prior to eviction and to avoid using temporary accommodation.

Information about the procedures of repossession and people's rights could be improved and should be clear and consistent. For example, people could be informed about monies owed to lenders and about possible charges that they might incur. They could also be informed by local authorities about if, and where, they are to be re-housed.

About the study

The research comprised qualitative interviews with 30 families: 20 in the South East of England and 10 in the North of England. A further 10 interviews were undertaken with children. A total of 44 adults were

interviewed and 17 children took part (some siblings were interviewed together). All the households had lost their homes through repossession and had subsequently been re-housed in the social rented sector.

Fifty-two households completed and returned a screening questionnaire; from these, 30 were selected for interview in order to mirror the known socio-demographic characteristics of households who have endured similar housing circumstances. The study also contains a secondary analysis of the *Survey of English Housing* in order to provide nationally representative contextual data on the characteristics of households experiencing repossession.

How to get further information

The full report, **Losing the family home: Understanding the social consequences of mortgage repossession** by Sarah Nettleton, Roger Burrows, Jude England and Jenny Seavers, is published for the Foundation by York Publishing Services Ltd (price £12.95, ISBN 1 902633 44 X).