

20th June 2016

8.2 MILLION UK MORTGAGE HOLDERS FINANCIALLY EXPOSED

- **Half (50%) of people in the UK with a mortgage have no life cover in place**
- **Only a fifth (20%) have critical illness insurance**
- **43% would resort to dipping into savings if they or their partner were unable to work, yet 15% don't know how much they have**

Half (50%) of the UK's mortgage holders have no life cover in place, meaning that 8.2 million* people are leaving themselves and their families financially exposed if the unforeseen were to happen.

Scottish Widows' latest protection research also shows that only a fifth (20%) of the UK's mortgage holders have a critical illness policy, leaving many more millions at risk of financial hardship or losing their home if they were to become seriously ill.

A third (33%) admit that if they or their partner were unable to work for six months or longer due to ill health or personal injury, they'd be unable to live on a single income. And more than two-fifths (43%) of those who couldn't cope with a single wage say they would resort to dipping into their savings in order to survive.

Yet 43% say their savings would last for no more than a couple of months and 15% don't even know how much they have, meaning they could be relying on backup which doesn't actually exist.

Just under a quarter (23%) could only afford to pay household bills for a maximum of three months if they or their partner were unable to work, and 23% could make a maximum of just three monthly mortgage payments. Another 15% admit they're not actually sure how long they'd be able to cope with their mortgage payments.

Welfare reforms make the case for financial protection all the more pressing. A quarter (25%) of mortgage holders who say they'd be unable to live on a single income if their partner were unable to work also admit that they'd rely on state benefits to ensure they could manage financially.

But changes to Support for Mortgage Interest, which is the only safety net in place for many families if they were unable to pay their mortgage, mean that people now have to wait 39 weeks before receiving this benefit instead of the previous 13, which could be too late for many if they have no other protection in place.

Johnny Timpson, protection specialist at Scottish Widows, says: “None of us want to think about the worst, but our findings show that there are an alarming number of mortgage holders who are putting themselves at significant risk by failing to arrange cover for the unexpected.

“Many people believe that they’ll be able to rely on the State if the unforeseen happens, but recent cuts to welfare benefits are exacerbating their vulnerability.”

Chris Gowland, Mortgage Director at Halifax, said: “Taking out a mortgage is the biggest financial commitment many of us will ever make, so it’s concerning to see that only half of the UK’s mortgage holders have taken out life assurance, and even fewer have critical illness cover.

“Having a financial plan in place will help protect your home in this type of eventuality and give greater peace of mind when it comes to what may be your greatest financial investment.”

– ENDS –

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Notes to editors:

- *Calculation: YouGov sample of 5161 respondents, 1682 of whom are mortgage holders, which equates to 32.6% of the population. Using ONS population data – 50.5 million adults in UK – 32.6% of 50.5 million is 16.46 million. 50% of UK adults don’t have life insurance and this equates to 8.23 million people.
- People looking for more information regarding Support for Mortgage Interest can refer to: www.turn2us.org.uk

- Scottish Widows was founded in 1815 as Scotland's first mutual life office and has become one of the most recognised brands in the life, pensions and investment industry in the UK helping people plan for and protect their financial future for 200 years
- Scottish Widows' protection research is based on a survey carried out online by YouGov who interviewed a total of 5,161 adults between 28th January and 4th February 2016.
- Scottish Widows supports the Seven Families campaign, which aims to provide a tax-free income for one year to seven families who have lost income because of a serious or long-term illness or disability. For more information visit www.7families.co.uk.