Mortgage approvals at lowest level since early months of pandemic as credit card debt soars

Mortgage approvals were at the lowest since the early months of the pandemic and credit card debt was up more than £1bn in November, according to data from the Bank of England.

The number of mortgages approved fell by more than 10,000, down from 57,900 in October to 46,100 in November.

It's a further drop from **the October figures**, which nosedived following the market turmoil caused by the September mini-budget of Liz Truss's premiership.

Economists had estimated about 55,000 mortgages would have been authorised, 8,900 more than were actually approved.

The increased cost of borrowing – fuelled in part by **rising interest rates** – and **fewer mortgage products** on offer appear to have turned off would-be borrowers.

Not since July 2020 were approvals so low. That month, just 40,500 loans were approved for people to buy houses.

At the same time, the value of net mortgage debt owed by individuals in November increased from £3.6bn to £4.4bn in November.

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The Bank had raised interest rates to 3% in the month in question but the figures showed the actual rate paid on new mortgages rose to 3.35%.

The impacts of **cost of living** pressures on households could be seen as consumer credit more than doubled from £700m to £1.5bn driven by an additional £1.2bn of credit card borrowing, the highest amount since 2004.

Households deposited an additional £5.7bn with banks and building societies over the month.

The continued saving and increased credit card borrowing showed “households are still refusing to draw on savings to support their consumption,” according to economic research group Pantheon Macroeconomics.

“Households continued to stockpile cash at a faster-than-normal rate in November in response to fears of rising unemployment, higher interest rates and the recent decline in the value of their total financial asset,” the group said.

“The stock of households’ savings now is £196bn above the level it would have reached, if they had continued to add to them at the 2018-to-19 average rate since January 2020.”