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Briefing note on mortgage foreclosure processes

This note offers figures on judicial procedures relating to residential mortgages as at December 2014.

These data are provided by banks in compliance with Banco de España Circular 1/2013 of 24 May 2013. Their scope encompasses all deposit institutions.

The information requested includes repossessions of foreclosed dwellings and dwellings received in payment of debt arising from lending to households for house purchase, distinguishing between principal residences and other types of dwellings (second homes or dwellings to let).¹

Data

Table 1 shows the above-mentioned information, for all deposit institutions, during the period from January to December 2014, comparing it with that for 2013.

The main conclusions that may be drawn are as follows:

- The number of repossessions as a percentage of the number of mortgages granted to households for house purchase was 0.7 %. In the case of principal residences this percentage was 0.6 %.

- Voluntary repossessions accounted for 47.8 % of the total, rising to 53.1 % in the case of principal residences.

- Dations in payment of debt accounted as at December 2014 for 39.7 % of total repossessions. In the case of principal residences this percentage was 45.2 %.

¹ The information reported refers solely to mortgage lending to retail customers, without a business or professional purpose, i.e. the scope of reference is residential mortgage lending for house purchase. The figures relating to 2013 have undergone changes in respect of those published at the time (year-and 2013). The reason for the changes was a now-rectified reporting error in the data submitted by a bank which affected the totals.

- Of the total number of judicial repossessions made in 2014, 90.8 % related to dwellings that were unoccupied at the time of repossession. In the case of principal residences this percentage was 89.5 %.
- Law enforcement agents were involved in 25 judicial repossessions.
- In 87.6 % of judicial repossessions of occupied dwellings, the related mortgage was originated in 2007 or earlier.

Comparing the 2014 figures with those for 2013 shows:

- A 3.1 % increase in the total number of repossessions in 2014. In the case of principal residences this increase is 5.6 %.
- Growth of 4.3 % in voluntary repossessions over the past year. In the case of principal residences the increase is 8.9 %.
- The total number of datations in payment also increased (2.8 %) over the previous year.
- There was a 2 % increase in judicial repossessions over the previous year. In the case of unoccupied dwellings the increase was 2.5 %. However, repossessions of occupied dwellings fell by 2.6 %.
- Finally, the number of repossessions with the involvement of law enforcement agents fell by 83 % in 2014 relative to 2013.

Information on mortgage foreclosure processes was published for the first time by the Banco de España in May 2013, with the aim of providing statistical data on this matter, data which were at that time most wanting. To do this, the Banco de España conducted a survey directed at a representative set of banks. Since then, on a half-yearly basis, the Banco de España has required this information of all banks, publishing it in briefing notes.

There have, however, been notable advances since in the availability of public information on mortgage foreclosures. In particular, on 30 June 2014, INE (the National Statistics Institute) published the first results of its new statistic on mortgage foreclosures. The quarterly INE data break down the information into different types of properties, including individuals' principal dwellings, and likewise offer figures broken down by region, i.e. it is a statistic that has greater detail and a higher frequency than that which the Banco de España can compile.

In light of the publication by INE of this new mortgage foreclosure statistic, the Banco de España will complete its own statistic with the data for 2015, and this will in principle be the last year it is published.

Table 1. December 2014 data and comparison with those for December 2013²

	January-December 2014			January-December 2013		
	Principal residence	Other dwellings	Total dwellings	Principal residence	Other dwellings	Total dwellings
1. No. of mortgages to households for house purchase	5,828,408	629,706	6,458,114	5,887,993	574,490	6,462,483
2. Repossessions	36,519	10,072	46,591	34,570	10,624	45,194
2.1 Voluntary repossessions	19,406	2,881	22,287	17,823	3,549	21,372
Of which: dations in payment	16,489	1,994	18,483	14,970	3,010	17,980
2.2 Judicial repossessions	17,113	7,191	24,304	16,747	7,075	23,822
2.2.1 Judicial repossessions of unoccupied dwellings	15,312	6,763	22,075	14,857	6,677	21,534
2.2.2 Judicial repossessions of occupied dwellings	1,801	428	2,229	1,890	398	2,288
With involvement of law enforcement agents	20	5	25	93	54	147

² As indicated in footnote 1, the figures for 2013 have been changed from those included in the May 2014 briefing note owing to reporting errors by one bank in particular. The figures in this table have been duly corrected.