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Reeves Unveils Measures to Expand Mortgage Access

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British finance minister Rachel Reeves is set to outline policies to make mortgages more attainable, a move presented as part of sweeping financial reforms to jump-start the United Kingdom's sluggish economy.

In a speech at London's Mansion House, Reeves plans to confirm that the government will permanently maintain a state-backed insurance program that motivates lenders to offer

higher loan-to-value mortgages, often considered riskier for banks. This initiative, first promised during the last election campaign, is meant to help more individuals, especially first-time buyers, secure loans despite elevated property prices.

The United Kingdom's Financial Conduct Authority, the independent regulatory body overseeing financial markets, will also explore allowing prospective borrowers to use their history of timely rent payments as evidence of creditworthiness. Proponents argue this could help responsible renters who lack a traditional credit record to access financing.

Despite these proposals, the broader economic outlook remains uncertain. Although the start of 2025 showed some improvement, overall growth has been tepid. Many economists anticipate the finance minister will be forced to raise taxes by significant amounts later this year to maintain public finances, a prospect that has raised concerns among businesses and households alike.

The Bank of England recently eased restrictions on high-income multiple lending, a decision that could enable up to 36,000 additional mortgages to be approved over the next year. Following the announcement, Nationwide Building Society, the country's second-largest mortgage lender, confirmed plans to reduce the minimum income threshold for first-time buyer loans from £35,000 to £30,000, potentially widening access to homeownership.

Reeves welcomed the central bank's action, describing it as "a positive step that will help more people onto the property ladder." However, critics remain sceptical about whether these measures alone can revive confidence in the housing market or deliver sustained economic momentum without further reforms to reduce the burden on taxpayers and businesses.