Heron Financial

MORTGAGE CLIENT SENTIMENT INDEX

Q2 2026

April to June 2026

Built from real mortgage conversations

Heron Financial analysed thousands of client conversations and mortgage cases from Q2 2026 to understand what borrowers were asking about, worrying about and responding to.

Most market indices measure what happened to prices. This one measures what borrowers were saying while it happened.

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Section 01

Editor’s summary

The quarter borrowers stopped shopping for rates

Q2 showed a market that kept moving. Clients stayed active, kept asking questions and kept making decisions, but wanted more certainty before committing to any of them.

Negative sentiment stayed low across the quarter at 2.1%. Almost every analysed conversation was positive or neutral.

The dominant borrower emotion in Q2 was calculation. Clients wanted to know whether to fix or track, whether rates might fall, how far affordability could stretch, whether a larger deposit would change anything material, and whether acting now beat waiting.

Three things changed in Q2

1. **Clients became more forensic about rates.** Clients stopped asking which deal was cheapest and started asking what each one cost them in flexibility. Certainty, timing and exit terms were weighed alongside price.

2. **Income confidence became a bigger part of the conversation.** Employment, self-employed income, maternity pay, second jobs and bonuses came up throughout. Mortgage confidence tracked how secure clients felt about their own earnings more closely than it tracked the rate environment.

3. **Negative sentiment was mostly about visibility.** Clients rarely objected to the next step. They objected to not being able to see it: unclear timelines, unclear figures, unexplained third-party requirements.

Borrowers stayed active throughout Q2 and wanted to see the whole path before committing to the first step.

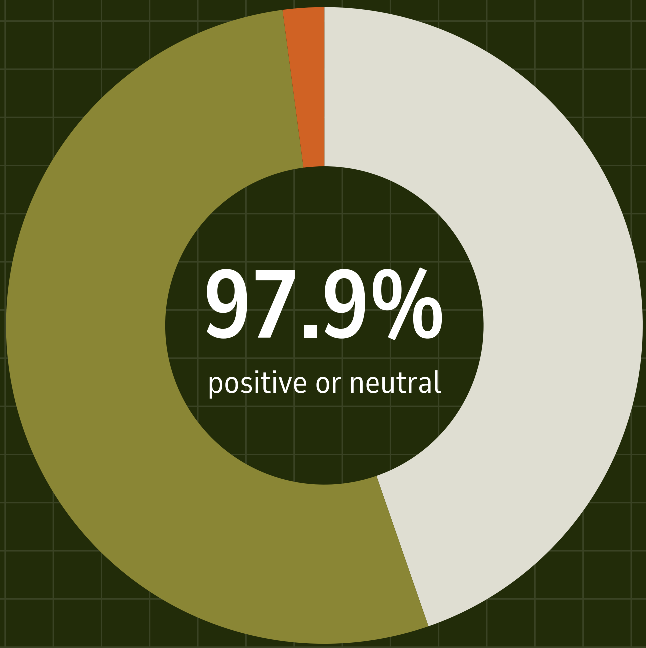
What surprised us this quarter

Inflation and cost of living came up in 1.0% of conversations. Global conflict came up in 0.9%.

Q2 was the quarter an energy shock rewrote the interest rate outlook, and it barely entered the room. Borrowers were not processing the macro picture as a macro picture. They were processing it as their own income, their own deposit and their own completion date.

Section 02

Sentiment dipped in May, then recovered faster than it fell



June was the calmest month of the quarter

Neutral 44.7%
Positive 53.2%
Negative 2.1%

Month	Positive	Neutral	Negative	Positive or Neutral
April	54.6%	43.3%	2.1%	97.9%
May	52.4%	44.6%	3.0%	97.0%
June	52.6%	46.0%	1.4%	98.6%

What this means

The market was steady rather than buoyant. Most clients were engaged, practical and still willing to move where the numbers worked.

May was the pressure point. Negative sentiment rose by almost half, then fell back further and faster than it had climbed, ending the quarter at its lowest point.

Positive sentiment barely moved across the three months. What moved was the neutral bucket, which grew steadily from April to June. More clients ended the quarter engaged but undecided.

Section 03

The neutral bucket is the story

Positive sentiment barely moved all quarter. Undecided grew every month.

Positive sentiment held above 50% in every month of Q2, and moved less than three points across the whole quarter. Clients kept finding reasons to proceed even while rates, affordability and timing stayed live concerns.

Neutral sentiment climbed every month. In mortgage conversations neutral rarely means indifferent. It means engaged but undecided: gathering facts, testing affordability, waiting for the right moment. By June it accounted for close to half of all conversations.

Month-by-month

April: Clients were active and relatively confident. Rate and affordability conversations ran strong without denting sentiment.

May: Negative sentiment rose to 3.0%, the quarter's high. The pressure points were visibility: waiting for updates, third-party timelines, evidence requirements and financial clarity.

June: Negative sentiment fell to 1.4%, the quarter's low. Almost all of that movement went into the neutral column rather than the positive one.

What we read into it

Q2 was a quarter of selective engagement. Clients stayed in the market and wanted better information before committing to anything in it.

The adviser's job shifted accordingly, from finding a product to converting uncertainty into a sequence someone can actually follow.

Section 04

Borrowers asked about affordability as often as rates

And process crowded in behind both

Share of analysed Q2 conversations in which each theme appeared. Themes overlap, so read these as directional indicators rather than mutually exclusive categories.

Theme	Share of analysed conversations
Rates and product choice	42.8%
Affordability and borrowing capacity	42.4%
Documents and evidence requirements	37.9%
Legal, solicitor and completion progress	29.5%
Protection and insurance	19.9%
Valuation, survey and LTV	19.1%
Deposit and source of funds	15.4%
Deadline and timing pressure	8.0%

The questions behind the numbers

- Should I fix or track?
- Will rates come down?
- Is it worth waiting?
- Can I borrow enough?
- Would a bigger deposit help?
- What happens if the valuation comes in lower?
- How quickly can this complete?
- What evidence will the lender need?
- What happens next?

Why this matters

Affordability was raised almost as often as rates. Borrowers were not only comparing products, they were testing the line between what they wanted to do and what they could comfortably carry.

A second pattern sits beneath the two headline themes. Add up the process themes and they run close to the level of rates and affordability. A material part of the mortgage conversation in Q2 was about process rather than money.

37.9% of conversations involved documents and evidence requirements. For a large share of borrowers, the hardest part of getting a mortgage in Q2 was proving they qualified for one.

Protection and insurance was the one theme building through the quarter. Clients stress-testing affordability were also, increasingly, asking what happens if the income behind the mortgage stops.

The takeaway: borrowers spent Q2 asking two questions at once, whether they could afford it and whether it would actually get done.

Section 05

Borrowers tracked the rate outlook and ignored the war driving it

Mortgage confidence is shaped by real life

Client conversations in Q2 ran well beyond mortgage mechanics. Rates mattered and affordability mattered, but so did jobs, income changes, maternity, family plans, childcare, self-employment, tax and the ordinary pressures of a season.

Share of analysed conversations where each real-world theme appeared. Themes overlap.

Theme	Share of analysed conversations	Q2 read
Employment and income confidence	15.8%	Rose steadily through the quarter
Rate outlook and Bank of England expectations	13.8%	Strong throughout
Family and life events	8.4%	Gradual rise
Politics, government and tax	6.6%	Present, but not dominant
Economy and market uncertainty	4.3%	Higher in April, easing later
Inflation and cost of living	1.0%	Lighter than expected
Global conflict, US and Iran	0.9%	Isolated, never recurring
Weather and seasonal mood	0.4%	Colour, not a driver

What sits behind it

Clients discussed the economy through their own decisions rather than through commentary on it. The practical questions were whether their income would support the loan, whether to lock in now, how much flexibility to keep, and what happens if a job, bonus, maternity income or set of self-employed figures changes.

The human detail

The transcripts show what sits behind a mortgage decision. Clients were balancing property plans against children, work, moving dates, holidays, family changes and the household budget.

Weather and seasonal small talk turned up in the data too. It earns its place in the table because it makes the point the rest of the section is making: these decisions get made in kitchens, between other things, by people with a lot else going on.

Why this matters

The rate outlook came up roughly fifteen times more often than the global conflict shaping it. Inflation, the mechanism connecting the two, barely registered either.

Employment and income confidence tells the same story from the other end. It was the most common real-world theme of the quarter and the fastest growing. What made borrowers feel secure in Q2 was the direction of their own payslip rather than the direction of the economy.

The takeaway: borrowers judged the market through their own income, not through the news.

The gap

Through Q2, an energy shock was the dominant factor in the Bank of England's rate decisions. In client conversations, global conflict appeared in 0.9% and inflation in 1.0%. Borrowers were watching the output of that story without discussing the story itself.

Section 06

A plan beat a cheaper rate

Confidence came from clarity

Share of positive conversations where each confidence driver appeared. A positive conversation can include more than one driver.

Confidence driver	Share of positive conversations
Clear next steps or plan	89.9%
Progress milestone reached	65.6%
Affordability confirmed or options opened	55.1%
Rate secured or product explained	51.8%
Protection and family resilience	24.4%

What made clients feel better

Clients became more positive when they could see the next step, the documents needed, what the rate options meant, how much they could borrow, what would happen if rates moved, when a valuation, offer or completion step was due, and what protection meant for their family.

Why this matters

Borrower confidence is usually discussed as a function of price. Q2 points somewhere more practical.

Securing a rate appeared in half of positive conversations. Knowing what happens next appeared in nearly nine in ten.

Protection was the smallest driver on the table. Clients who had worked out what they could afford were moving on to what happens if the income behind it stops.

The takeaway: confidence in Q2 came from momentum more than from price.

Section 07

Almost nobody was unsettled by the market

They were unsettled by not being able to see it

Negative sentiment accounted for 2.1% of analysed conversations in Q2. What connected them was rarely the deal itself.

Share of negative conversations where each pressure point appeared. Themes can overlap.

Pressure point	Share of negative conversations
Updates, callbacks and next-step visibility	84.8%
Waiting for lender or solicitor updates	75.2%
Fees, balances, shortfalls or payments	49.6%
Evidence or document requirements	44.0%
Exchange, completion or reservation pressure	16.0%
Valuation or LTV movement	12.8%

What was actually going wrong

The top two pressure points are the same problem seen from opposite ends. One is the client not hearing anything. The other is the reason there was nothing to tell them.

Nearly nine in ten negative conversations involved a gap in visibility, and three quarters involved waiting on a lender or a solicitor. In most of those cases the application itself was progressing normally. What clients were missing was confirmation that it was.

Money came next, though not in the form the industry usually assumes. Fees, balances and shortfalls appeared in half of negative conversations, and the trigger was typically a figure that arrived without explanation rather than a figure that was too high.

May, and then June

May was the pressure point of the quarter, with negative sentiment at 3.0% and visibility, third-party timelines and financial clarity all more prominent. By June it had fallen to 1.4%.

The pattern

Borrowers absorbed extra steps without much complaint when they understood why a step was needed, who controlled it and when they would hear next. The frustration came from the silence between steps.

The takeaway: the thing most likely to unsettle a Q2 borrower was a week without news.

What we did not find

Down-valuations were widely reported as a growing problem through late Q2. In our data, valuation and LTV movement appeared in 12.8% of negative conversations, the smallest of the six pressure points. Whatever was happening at the sharp end of the market, it was not yet the main thing unsettling borrowers.

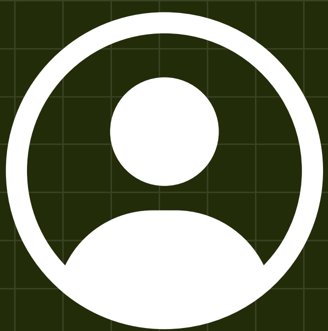
Section 08

June belonged to first-time buyers

Purchase activity built through the quarter, and its make-up shifted

Month	Purchase share of all cases	FTB share of purchase cases	Mover share of purchase cases	Avg LTV
April	26.9%	44.8%	44.8%	75.5%
May	34.9%	37.9%	50.0%	73.3%
June	34.6%	52.1%	38.0%	80.1%
Q2	32.0%	45.1%	44.1%	76.5%

Across the quarter, the average purchase price was **£460,356** and the average loan **£339,149**.



First-time buyer profile	Q2
Share of purchase cases	45.1%
Average age	31.9 years old
Average purchase price	£339,172
Average loan	£268,148
Average deposit	£71,025
Average LTV	81.4%
Average application-to-offer time	15.1 days
Lowest interest rate secured	4.06%

FTB Product choice: 47.4% - 2-year fixed • 43.6% - 5-year fixed • 9.0% - Other fixed term

Averages are means unless stated. Figures relate to Heron Financial cases only and reflect the mix of clients advised in the period; they are not a representative sample of the UK market.

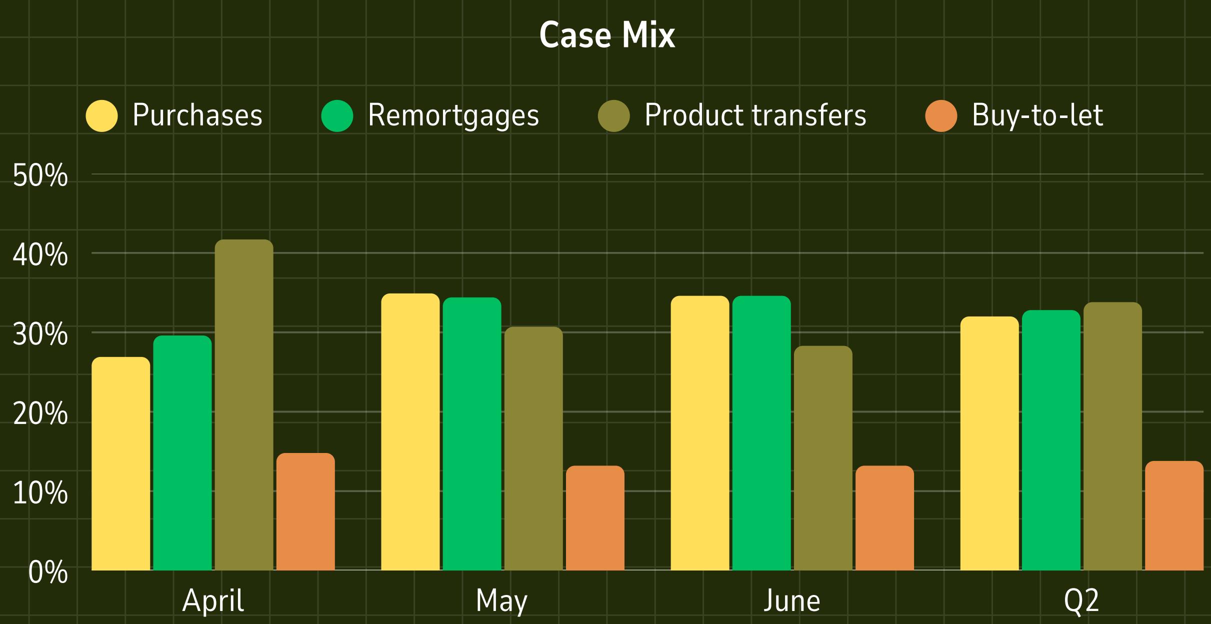
What changed

Purchases moved from a quarter of all cases in April to around a third in May and June. The composition then changed underneath that.

In May, movers made up half of all purchases. By June, first-time buyers accounted for more than half, the highest share of the quarter, and average LTV rose almost seven points to 80.1%. Those two figures are the same event described twice.

The Q2 first-time buyer put down £71,025 and borrowed at 81.4%. That is a deposit large enough to take years to assemble, on a loan-to-value that leaves little room if prices move.

The takeaway: the quarter ended with more borrowers entering the market at higher LTVs than it started with.



Buy-to-let cases sit across the categories above and are shown separately.

Where the book moved

Product transfers accounted for 41.7% of cases in April and 28.3% by June. Purchases and remortgages absorbed almost all of that shift.

A product transfer is the path of least resistance: same lender, minimal paperwork, no valuation. A remortgage means the client went to market. Q2 saw a meaningful share of borrowers stop taking the easy option, in a quarter when pricing was moving against them.

Buy-to-let held steady at around 13% throughout, the only category that barely moved.

Product behaviour showed a split market

Product choice	April	May	June	Q2
2-year fixed	68.1%	65.1%	58.0%	63.8%
Tracker	16.7%	15.3%	18.5%	16.9%
5-year fixed	10.6%	13.8%	18.0%	14.1%
Other fixed	2.8%	5.8%	4.4%	4.3%
Discount or variable	0.5%	0.0%	1.0%	0.5%

LTV bands and rates secured

LTV band	Share of purchase cases with rate data	Average rate secured	Lowest rate secured
90–95%	10.8%	5.51%	4.71%
85–90%	29.7%	5.07%	4.54%
75–85%	21.5%	4.80%	4.44%
60–75%	19.0%	4.94%	4.08%
Up to 60%	19.0%	4.59%	2.29%

Two markets, running at once

Two-year fixes stayed dominant and lost ground every month, falling from 68.1% in April to 58.0% in June. Five-year fixes went the other way, from 10.6% to 18.0%. Trackers held steady throughout.

So the quarter ended with more borrowers buying certainty and roughly the same number betting against it. Nobody moved to the middle.

The split runs along experience. Across the book, five-year fixes accounted for 14.1% of Q2 product choices. Among first-time buyers, they accounted for 43.6%. The least experienced borrowers in the quarter, carrying the highest LTVs, were three times more likely than everyone else to lock in for five years.

The takeaway: the borrowers with the most to lose spent Q2 buying certainty, and everyone else kept their options open.

Section 09

Inside the 2.1%

The problem was rarely any one party

Three quarters of negative conversations in Q2 involved waiting on a lender or a solicitor. That is the sharpest finding in this report, and it points somewhere uncomfortable.

The friction sat in the handoffs. Between adviser and lender, between lender and solicitor, between solicitor and client. Each party was usually doing its job, but the client experienced the gaps between them.

What clients actually wanted to know

Why this step is needed. Who controls it. How long it usually takes. What happens if it goes wrong. What the alternative is.

Five questions, none of them about price, and all of them answerable before the client asks.

What it cost

Negative sentiment reached 3.0% in May and fell to 1.4% in June. Nothing about the underlying deals changed in that time. What changed was how visible the process felt while it ran.

That's worth sitting with. The biggest swing in sentiment all quarter came down to communication.

The takeaway: the mortgage industry spent Q2 competing on rate. The thing borrowers noticed was who told them what was happening.

Section 10

What we're watching next quarter

Six things to watch in Q3

1 Does the neutral bucket convert?
Neutral conversations grew every month of Q2 and finished close to half the total. Those clients are engaged and undecided. Q3 shows whether they commit or keep waiting.

2 Do five-year fixes keep climbing?
Their share rose from 10.6% to 18.0% across the quarter. If that continues, borrowers are paying for certainty in a market that keeps telling them rates might fall.

3 Do first-time buyers hold the ground they took?
June was their strongest month of the quarter, at the quarter's highest LTVs. Whether that was a spike or a shift matters more than any other number in this report.

4 Does product-transfer inertia keep unwinding?
Transfers fell from 41.7% of cases in April to 28.3% in June. More borrowers went to market rather than staying put. That trend has room to run or reverse.

5 Does income confidence keep building?
Employment and income was the fastest-growing real-world theme in Q2. It is the closest thing in this data to a leading indicator.

6 Does negative sentiment stay under 2%?
May hit 3.0%, June fell to 1.4%. One quarter is not a pattern.

Section 11

Methodology

Source data. 28,621 client calls handled by Heron Financial advisers between 1 April and 30 June 2026 were reviewed. A cleaning process removed clearly irrelevant or low-signal interactions, including very short calls, inconclusive conversations, voicemails, automated messages and calls without enough usable content for sentiment analysis. That excluded 22,729 calls (79.4%), leaving 5,892 mortgage-relevant conversations for analysis.

Analysis. Conversations were analysed using Heron Financial's integrated AI platform, which classifies each conversation's overall sentiment as positive, neutral or negative and identifies recurring themes and keywords.

Anonymisation. All outputs are anonymised and aggregated. Any quoted material consists of AI-generated summaries of conversations rather than verbatim transcripts, and has been reviewed to ensure no client or property is identifiable.

Counting. Theme percentages show the share of analysed calls in which a theme appeared. A single call can contain multiple themes, so percentages do not sum to 100. Confidence drivers and pressure points are identified within conversations already classified as positive or negative respectively, and are not tested against the other categories.

Case data. Lending figures in section 08 are drawn from Heron Financial case records for the same period. Buy-to-let cases sit across the purchase, remortgage and product transfer categories and are shown separately. Averages are means unless stated.

Limitation. This analysis reflects the experiences of Heron Financial clients only and is not a statistically representative sample of the UK mortgage market. Average purchase prices and loan sizes reflect the mix of clients advised in the period and sit above national averages. Sentiment classification is AI-assisted. Figures are indicative and unaudited.

Important information
This report is provided for general information and media purposes only. It is based on anonymised, aggregated analysis of client interactions with Heron Financial during Q2 2026. All figures reflect historic outcomes for Heron Financial clients during the period and are not indicative of the rates, terms or lending decisions available to any individual. Mortgage availability and pricing depend on individual circumstances, lender criteria and market conditions, all of which change. Nothing in this report constitutes financial advice, a recommendation, or an invitation to enter into any mortgage contract. If you are considering a mortgage, you should seek advice based on your own circumstances.

About this index

The Heron Mortgage Client Sentiment Index is published quarterly. It is built from conversations between borrowers and advisers rather than from surveys, panels or opinion polling, which means it reports what clients raised themselves rather than what they were asked about.

Heron Financial is a mortgage and protection advice firm. The index is published as market intelligence and reports the experience of Heron's clients, which is a specific slice of the UK market rather than a representative sample of it.

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