

Why overlooking financial protection could put homeowners at risk

Despite new homeowners worrying about losing their home if their income were to stop, only 15% prioritise taking out financial protection, according to a survey carried out by Vitality (22 January 2026).

In fact, homeowners are far more likely to invest in making their new property feel like a home. When asked what they'd actively plan for when buying a property, purchasing new furniture (36%), décor (26%), or a new kitchen or bathroom (25%) were placed at the top of the list.

Understandably, new homeowners want to invest in their property to turn it into a home they feel comfortable in. However, overlooking appropriate financial protection could be risky.

62% of new homeowners fear becoming too ill to work

Despite financial protection being low on the list of priorities for many new homeowners, the survey found that it might be something that many could benefit from.

Indeed, 62% of mortgage holders said their biggest fear if they became too ill to work was losing their home. Worryingly, more than half of the participants said they wouldn't be able to keep up with their mortgage payments for longer than six months if their income stopped.

However, the study also suggests many are overlooking the peace of mind that financial protection might offer in these circumstances.

Financial protection could provide a cash injection when you need it most, and potentially mean you're able to continue meeting mortgage repayments if your income stops or you face another financial shock.

There are several different types of financial protection that would pay out under different circumstances, and which type may be appropriate for you will depend on your circumstances and priorities.

4 types of financial protection you need to know about

Income protection

Income protection could replace your regular income if you become too ill to work. As a result, it could help you meet your mortgage repayments and other expenses if your income stops.

It would pay out a regular income until you return to work, retire, or the term ends. The payout is usually a portion of your typical salary, such as 60%.

With the Vitality survey showing many new homeowners worry about keeping up with the mortgage if they become ill, income protection could give families confidence in their financial circumstances.

Critical illness cover

If you were diagnosed with a covered illness, critical illness cover would pay out a lump sum, which you can use however you wish, from making mortgage repayments to adapting your home if necessary.

Not all illnesses will be covered, so it's important you understand how comprehensive your cover will be and to compare different providers.

Life insurance

If you take out life insurance and pass away during the term, it would pay out a lump sum to your beneficiaries.

Your loved ones could use the money however they wish, such as paying off the mortgage or covering living expenses. If you have a partner or children, life insurance could give you peace of mind that should the worst happen to you, they would be financially secure.

Family income benefit

Family income benefit is similar to life insurance – it would pay out to beneficiaries if the policyholder passes away during the term.

However, rather than a lump sum, it would provide beneficiaries with a regular income until the end of the term. This could be a useful option if your family relies on your income to cover essential outgoings and day-to-day expenses.

The cost of financial protection

To maintain your cover, you'll need to make premium payments. If you do not, the cover will lapse, so you or your beneficiaries wouldn't be able to make a claim.

The cost of cover varies and will depend on a range of factors, including the size of the potential payout, your age, and lifestyle habits, such as whether you smoke. While you might be tempted to omit certain lifestyle habits or pre-existing conditions, doing so could invalidate your policy and mean you're unable to make a claim when you need to.

When searching for financial protection, it may be worthwhile to compare different providers, as the cost can vary.

Contact us

If you'd like to find out how financial protection could support your needs or you'd like help reviewing the different options, please get in touch.

Please note: This article is for general information only and does not constitute advice. The information is aimed at individuals only.

All information is correct at the time of writing and is subject to change in the future.

Note that life insurance and financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

Cover is subject to terms and conditions and may have exclusions. Definitions of illnesses vary from product provider and will be explained within the policy documentation.

Approved by The Openwork Partnership on 13/03/2026.