

## “I am struggling to keep up with my mortgage payments”

If you are having difficulty paying your mortgage, do **not** ignore it, this will only make your situation worse.

Seek help and advice through agencies such as the ones mentioned in the ‘Useful Contacts’ section at the end of this document.

Try to avoid approaching companies that offer loans or offer to sell your house for you it is likely that you will be faced with more financial difficulties in the future.

### What can I do?

#### Contact your mortgage lender

- If you find yourself struggling to pay your mortgage it is important you contact your lender immediately. The majority of mortgage lenders will have procedures in place to help people in similar situations.
- Not paying your mortgage payments will increase the risk of repossession, however (in England and Wales only), mortgage lenders must follow the Pre-Action Protocol, which involves them proving they have considered all other options before trying to repossess your property. So it is vital you are open and honest with your lender to agree the solution for you.
- They may be able to offer you options including temporary payment arrangements (e.g. reduced payments), lengthening the term of your mortgage or temporarily switching to interest-only payments.
- Your mortgage lender will be more sympathetic towards you if they can see you are trying to pay at least something off, so pay what you can afford.

#### Request an extension to your mortgage period

- Usually mortgage repayment periods last 25 years. If you have been paying your mortgage for several years, you can ask your lender to extend the term to 25 years. Although this will decrease your monthly payment, you will be making payments for a longer period.

### **Make a personal budget**

- A personal budget involves listing all your income and spending to help you see all your financial activity. The Money Advice Service has online budget planner tools you can use (contact details below in 'Useful contacts' section).
- This will help you plan your future spending by seeing how you can focus your spending on essential commitments such as your mortgage, utility bills (water, gas, electricity etc.), food, Council Tax etc. and identify where you can reduce non-essential spending.

## **What financial help can I get?**

### **Benefits**

- You might be entitled to benefits that will increase your income. Contact your local Jobcentre Plus. If you claim Job Seekers Allowance or Income Support, the Jobcentre Plus can provide you with some assistance with mortgage payments.
- If you are aged 60 or over, you could be entitled to Pension Credit. In some cases you may be entitled to extra Pension Credit to cover mortgage interest payments; visit the Pension Services website for more information ([www.the-pensionservice.gov.uk](http://www.the-pensionservice.gov.uk)).

### **Insurance**

- If you are unable to meet your mortgage payments because your income has reduced (e.g. you are on long-term sick leave), you should check your mortgage payment protection insurance or income protection policy if you have it, to see if you can make a claim.

## **I have mortgage arrears**

- Start paying back your arrears as soon as possible. Having arrears can lead to extra charges that will increase the total amount you owe. So it is vital you repay your arrears sooner rather than later. Use your personal budget to help you work out how much extra you can pay.
- Have the arrears added to your mortgage. To do this you must ask your mortgage lender to capitalise your arrears. This means adding your arrears to your total mortgage balance, which spreads the arrears across the remaining time frame of your mortgage.

**Please note** this will increase your monthly mortgage payment and your lender will not agree if you have got a previous history of a failed repayment plan.

## Useful Contacts

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Citizens Advice Bureau	03444 111 444 <a href="http://www.citizensadvice.org.uk">www.citizensadvice.org.uk</a>
Community Debt Advice (based in Redhill and Reigate)	01737 887558 Email: <a href="mailto:help@cdamoney.org">help@cdamoney.org</a> <a href="http://www.cdamoney.org">www.cdamoney.org</a>
Government Website Support for Mortgage Interest (SMI)	<a href="https://www.gov.uk/support-for-mortgage-interest/overview">https://www.gov.uk/support-for-mortgage-interest/overview</a>
Step Change (Debt Charity)	0800 138 1111 <a href="http://www.stepchange.org">www.stepchange.org</a>
Money Advice Service	0300 500 5000 <a href="http://www.moneyadvice.service.org.uk">www.moneyadvice.service.org.uk</a>
National Debtline	0808 808 4000 <a href="http://www.nationaldebtline.org">www.nationaldebtline.org</a>
Shelter	0808 800 4444 <a href="http://www.shelter.org.uk">www.shelter.org.uk</a>
National Homelessness Advice Service <i>(Will need to be referred to the mortgage team through the Council)</i>	<a href="http://www.nhas.org.uk">www.nhas.org.uk</a>

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