

Are you worried about your mortgage?

# Get advice now

If you are struggling to pay your mortgage, act now to stop your situation becoming worse



housing  
rights  
service

Funded by the Northern Ireland  
Executive, delivered through the  
Department for Social Development



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Sometimes when your circumstances change, for example you work fewer hours, become sick, receive a cut in your pay, lose your job or have high bills to pay, life seems impossible. Don't let your money problems get on top of you. Get the advice and help you need to prevent you from losing your home.

Not knowing who to talk to is half of the problem. You will be able to get free, confidential and independent advice from the organisations listed at the back of this booklet. Remember, it is best to get advice as soon as possible. This booklet provides step-by-step information to help you begin to sort out your money worries and to make other arrangements for paying your mortgage and keeping your home.

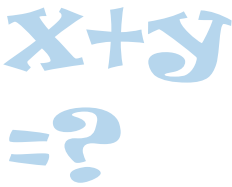


## 1 Don't ignore the problem

When you receive a letter or phone call from your mortgage lender, **never ignore it**. If you don't understand the letter, don't be afraid to ask your lender or speak to a money adviser from one of the independent advice agencies listed at the back of this booklet.

If you have a fixed-term rate that will be ending soon, you'll get a letter from the lender warning you of when the interest rate and monthly payment will change, and how much your new repayment will be. **Don't ignore the letter.**

Your mortgage is a priority, so make sure you pay this before all other bills. Don't panic. Don't take out another loan to help catch up with your mortgage payments. **Get advice instead.**



## 2 Look at your situation and check what help you can get

Take a good look at what you are spending money on. Ask yourself the following questions.

- Can I cut back on my spending without having to struggle?
- Can I get a better deal on my mortgage?
- Am I behind on any other loans secured against my home?
- Can I change the way I am paying my other debts that are not a priority, by talking to the people I owe money to?
- Would an agreed 'payment holiday' or changing to 'interest only' payments help

me pay my mortgage?

- Is my home worth more or less than the amount I borrowed to buy it?
- Is my loan regulated by the Consumer Credit Act and can I take action to reduce payments or extend the term of the mortgage in the short term?
- Do I have Mortgage Payment Protection Insurance (MPPI) that I can make a claim on?
- Can I get help with paying my mortgage through 'Support for Mortgage Interest'?

**Visit or phone a free, independent advice agency** to make an appointment to see a money adviser, who can provide free advice. You may see advertisements for independent financial advisers who provide debt advice, but these people may charge you for their services, so you must always check first.

When you go to see the adviser, take with you all relevant information on your monthly household income and costs, any benefits you receive and loan payments you are making.



The adviser will

- check that you are getting all the money

- you and your family should receive,
- give you advice on benefits you might be able to get to help with your housing costs,
  - look into any other help you may be able to receive,
  - help you tell the lender about the problems you are having,
  - help you manage your finances, and
  - may help you legally if court action has started.



### 3 Talk to your lender

If there's a problem and you cannot pay your monthly mortgage payments in full, **you should tell your lender immediately**. They should be sympathetic and can help, if you let them know as early as possible that you have money problems. Be honest with them about what is causing the problems. Most lenders are committed to helping homeowners who are struggling to make payments. However, if your lender can't help, you should get independent advice.

If your lender doesn't know why you're not paying and doesn't hear from you, they are likely to start legal action to repossess your home. Even

if possession action begins, you may still be given extra time to stop you losing your home, (for example: while waiting for help from the Department for Work and Pensions; waiting for a payment from your mortgage payment protection insurance; or while waiting to go back to work).



## **4 Show that you are willing to pay what you can**

To keep your home, you must keep making payments. If you are having problems, work out your budget and look at ways of making savings, cutting back, or increasing the amount of money you have coming in. **If your lender knows you are trying your best to pay the loan, they should give you more time to sort out your money problems.**

If you have mortgage arrears but, after making changes to your budget or increasing your income you find you are able to make payments from now on, contact your lender and offer to start paying the outstanding arrears. As well as paying your usual monthly payments, you can make payments towards your debts over a reasonable period. You should always contact

your lender to tell them about your plan to repay any arrears. If you can't pay now but will be able to at a later date, let the lender know. If the lender does not agree to your plan, don't panic. Tell them you will be getting help from an independent advice agency.

**Continue to make payments that you know you can afford** and tell your lender why you are only able to afford this much. This shows that you are willing to make an effort to pay and increases your chances of keeping your home.

If you cannot pay at all: for example you lose your job or become ill, don't panic – speak to your lender and get advice straightaway. You should only hand back your keys if the lender has an actual date on which they are going to evict you as you will still be responsible for paying the loan and insurance until you or the lender sells your home. An order to evict is carried out by the Enforcement of Judgments Office by way of an Order for the Delivery of Possession of Land.



## **5 Find out what your options are**

Mortgage lenders should only take possession action as a last option. If you took out your mortgage after October 2004 it is likely that it



is regulated by the Financial Services Authority (FSA). Under the FSA rules, lenders must treat you fairly and send you regular statements to keep you informed about your arrears. The rules explain how lenders are expected to help borrowers who are having money problems. If you are unhappy with how your lender has been dealing with you, or if you think your lender is ignoring these rules, you can complain to the Financial Ombudsman Service (FOS). You can contact the FOS through their website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) or by phoning 0800 023 4567 or 0300 123 9 123.



**Your lender should think about what can be done to prevent you losing your home.** For example, they may

- agree to change or lengthen the term of your loan,
- accept reduced payments from you in the short term, or
- add your debt to the amount you have borrowed.

A lender can

- reduce your monthly payments for a certain period or cut what they

charge you for being in arrears with your mortgage, and

- extend the time of your loan, (this reduces the amount of your monthly payment but you will be making payments over a longer period, and so paying more for your home).

Any changes to your mortgage can lead to penalties or charges, which may cost more to repay in the long term. If you are worried about how your household will be affected by these changes you should get free, independent advice. The arrangement you come to may only be a short-term solution, so as time goes on, your lender will want to keep in regular contact with you and want to know about any changes in your circumstances.



## **6 Make the right decision for you and your family's future**

Before you and your lender agree any change to your mortgage repayment, get the lender to tell you about the problems that may arise in the future as a result of the change. You must reach a decision that the lender agrees to and that takes you or your family's circumstances into account.



It may help you to talk with family members or friends who have recently dealt with similar changes to their mortgage. **You may also be able to speak to other mortgage lenders on the high street, to see if there is a better interest rate or mortgage package available to you by 'remortgaging'.**

There are some companies that offer to help if you are in financial difficulty by buying your home and allowing you to remain living there as a rent-paying tenant for a fixed term. This is commonly known as a **sale-and-rent-back scheme**, or simply **rent-back** or **sell-to-let**. It is sometimes also called **flash sales**, because the company can buy your home quickly, perhaps within a week, although it generally takes about three to four weeks.

**Only think about sale-and-rent-back schemes as a last resort**, making sure you have looked at all the other options first. If you do need to consider this type of scheme, always make sure the company you use is regulated by the FSA before entering into any agreement. An FSA regulated company must meet certain standards. Its advertising must be clear, fair and not misleading, and you must be given a tenancy agreement for at least five years.

To find out more about regulated companies, contact the FSA Helpline on (t): 0845 606 1234. If you use a company that is not regulated by the FSA then you will not have access to the complaints and compensation procedures which would otherwise be available if you have any disagreement or are unhappy with the way the scheme was sold to you. Read the FSA's free sale-and-rent-back factsheet. Download it from [www.moneymadeclear.org.uk/products/mortgages/problems\\_paying\\_your\\_mortgage.html#sale](http://www.moneymadeclear.org.uk/products/mortgages/problems_paying_your_mortgage.html#sale)



Any company operating the scheme should give you a copy of the factsheet when you approach them. It tells you

- what to consider when choosing a scheme,
- what risks are involved in the scheme, and
- what you should expect from companies offering these schemes after 30 June 2010.

Make sure you understand what will happen by going on this type of scheme. For instance, find out if you can receive any help with your mortgage payments by visiting the Department for Work and Pensions' website and downloading

its guide [www.dwp.gov.uk/docs/a5-2009-leaflet-advice-homeowners.pdf](http://www.dwp.gov.uk/docs/a5-2009-leaflet-advice-homeowners.pdf)

### **Avoid signing up to schemes that appear too good to be true, because they probably are.**

Get advice from an independent agency before you sign up to one of these schemes. If, after taking advice and finding out about all the help that is available, you realise you will not be able to keep your home, you should try to sell your home. Deciding to sell your home yourself is better than having it repossessed, because it makes the most of any potential equity, (the difference between how much your property is worth and the amount you owe on your mortgage). You must check for any extra costs with your mortgage deal, and consider whether or not you will get the right price for your home, to cover your financial needs, (for example, the costs of moving), as well as paying off the mortgage.

Contact your lender to find out if they can assist with selling your home. Some lenders provide support through Assisted Voluntary Sales or Voluntary Sales which means that they may be able to help with the costs of selling your

property, give you assistance with marketing your home or give you more time to sell it.

It is very important that you get advice before taking steps to sell. If you sell your home when it could have been saved, the Housing Executive may regard you as 'intentionally homeless' and may not have a duty to rehouse you.



## 7 Help for homeowners facing repossession

### i Support for Mortgage Interest (SMI)

You may be able to get help with payments towards your mortgage interest and other eligible secured loans as part of your benefits if you are getting Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit.

However, if you are not receiving any of the above benefits, but you are in paid work of less than 16 hours a week, or your partner is in paid work of less than 24 hours a week, and you have a mortgage or other eligible loans which are secured on your property, you may be entitled to one of these benefits.

SMI makes a contribution towards the interest on your mortgage loan and other eligible loans. Payments are calculated using the Bank of England published average mortgage rate and are subject to change.

SMI can be paid on loans of up to £200,000. However, most people of working age who make a new claim have to wait for 13 weeks before actually receiving this financial help. If you receive Pension Credit, you do not have to wait before getting help with your mortgage, and SMI can be paid on loans of up to £100,000.

You should visit [www.nidirect.gov.uk](http://www.nidirect.gov.uk) for more information on SMI and benefits in general.



## **ii Mortgage Rescue Scheme**

The Department for Social Development is currently considering introducing a Mortgage Rescue Scheme for Northern Ireland. A Mortgage Rescue Scheme is intended as a last resort in helping to prevent a person's home from being repossessed where there are no other options available. In order to qualify for assistance, a person applying for help will have to meet specified criteria.

For the latest information on the Mortgage Rescue Scheme for Northern Ireland go to [www.nidirect.gov.uk](http://www.nidirect.gov.uk)



### **iii. Getting help at court**

Housing Rights Service currently operates a Mortgage Debt Advice Service which can provide free information, advice, support and, where appropriate, representation at the High Court for owner occupiers who are facing a possession hearing. In Northern Ireland, mortgage possession proceedings are held in the Chancery Division of the High Court.

You should always go to the court hearing. You should not ignore court forms or hearings and ideally you should get advice before your hearing. Many people are often worried about going to court, but just showing up for the hearing can make a real difference to your chances of keeping your home. Housing Rights Service may be able to offer you free representation at court and help to put forward payment proposals on your behalf.

Housing Rights Service has also produced a user friendly video which aims to ease some of the fears about going to court. It guides clients through the entire court experience from entering the building until after their hearing. It



emphasises the importance of attending court and provides useful advice and information to assist clients through every step of this process. (See page 18 for further details of the help available from Housing Rights Service.)



#### **iv. Pre-Action Protocol for Possession Proceedings**

A new version of the Pre-Action Protocol for Possession Proceedings was produced by the Courts Service NI in August 2011. The Protocol sets out what the court expects to have happened before the matter gets to court. It aims to ensure that both you and your lender act fairly and reasonably with regards to dealing with mortgage arrears and that an effort is made to reach an agreement rather than going to court. The court will want to see that repossession is a last resort and that other options were looked into first.

Both you and your lender must take all reasonable steps to discuss why the arrears have accrued, what your financial circumstances are and what proposals there are for repaying the arrears.

If appropriate, your lender should advise you to contact the Housing Executive and should also

refer you to an organisation that provides free independent debt advice.

Your lender must consider any reasonable request that you make to change the date of your mortgage payments or the way in which you pay your mortgage. If the lender refuses any such request, then you should be given a written explanation with their reasons for doing so.

Your lender should respond promptly to any proposals for payment of the arrears that you make. Again, if your lender does not agree to your proposal, they should give you their reasons in writing.

If your lender makes a proposal for payment of the arrears they should give you a reasonable amount of time to consider the proposal.

If you fail to comply with an agreement that has been entered into, your lender should notify you in writing if it intends to start possession proceedings.

For a copy of the Pre-Action Protocol go to [www.courtsni.gov.uk](http://www.courtsni.gov.uk)

# Useful organisations to help you with your mortgage and debt problems

## Government:

For the latest information on government help that is available to people in mortgage arrears go to [www.nidirect.gov.uk](http://www.nidirect.gov.uk)

*Housing Benefit (for help with Rates)* - To see if you are eligible for help with your rates go to [www.nidirect.gov.uk](http://www.nidirect.gov.uk)  
To contact your local Land and Property Services office go to [www.dfpni.gov.uk](http://www.dfpni.gov.uk)

*Income Support, Employment and Support Allowance and Jobseeker's Allowance* - For information and advice, or to make a claim for benefit if you are under state pension age, phone Jobcentre Plus on 0800 055 6688 or visit [www.nidirect.gov.uk](http://www.nidirect.gov.uk)

*Pension Credit* - For information and advice, or to make a claim for Pension Credit if you are over state pension age, phone the Pension Service on 0800 99 1234 or visit [www.nidirect.gov.uk](http://www.nidirect.gov.uk)

*Working Tax Credit and Child Tax Credit* - For more information about Tax Credits, phone 0845 300 3900 or visit [www.hmrc.gov.uk/taxcredits](http://www.hmrc.gov.uk/taxcredits)

## Other help:

### Housing Rights Service

Housing Rights Service currently operates a Mortgage Debt Advice Service which helps those who have financial problems that threaten their ability to remain in their homes. The service provides specialist debt advice and, where necessary, representation to prevent possession and enable people to remain in their home. It also assists those who are not able to retain their home to find suitable alternative accommodation.

This free, independent and confidential service can be accessed by phoning Housing Rights Service on 0300 3230 310 or dropping into Middleton Buildings, 10-12 High Street, Belfast, BT1 2BA between 9.30am and 5.00pm Monday to Friday. This telephone service extends to 8.00pm on a Tuesday and Thursday.

Housing Rights Service has also produced a user friendly video which aims to ease some of the fears about going to court.

It guides clients through the entire court experience from entering the building until after their hearing. It emphasises the importance of attending court and provides useful advice and information to assist clients through every step of this process. The video can be accessed at:

[www.housingadviceNI.org](http://www.housingadviceNI.org)  
or directly at: [http://bit.ly/possession\\_video](http://bit.ly/possession_video)

[www.housingadviceNI.org](http://www.housingadviceNI.org)

[housingadviceNI.org](http://housingadviceNI.org) has been developed by Housing Rights Service to provide reliable independent housing advice and information to the public in Northern Ireland. The website is supported by the Northern Ireland Housing Executive.

The site includes a dedicated mortgage debt and repossession area <http://www.housingadviceNI.org/repossession-portal-home.html> which offers practical advice and a range of interactive online debt management tools.

In addition, the site offers direct access to an online mortgage debt adviser from 9.30am to 5.00pm Mondays, Wednesdays and Fridays and from 9.30am to 8.00pm on Tuesdays and Thursdays.

housingadviceNI.org also contains an Advice Services Directory to help you find an advice centre near you.

### **Citizens Advice**

Citizens Advice can help you to deal with any legal, money, welfare benefits issues or other problems. Find your nearest Citizens Advice Bureau at [www.citizensadvice.co.uk](http://www.citizensadvice.co.uk) or under 'C' in your local phone book, and use [www.adviceguide.org.uk](http://www.adviceguide.org.uk) for other contacts and information.

### **Consumer Credit Counselling Service**

Offers you help to deal with several debts. Phone 0800 138 1111 or visit [www.cccs.co.uk](http://www.cccs.co.uk)

### **Financial Services Authority (FSA)**

The FSA produces several guides on how to manage your money and these are available online at [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk) A helpline is also available on 0845 606 1234.

### **Payplan**

Gives you advice on your debts. Phone 0800 280 2816 or visit [www.payplan.com](http://www.payplan.com)

