

## HELP AND ADVICE WITH FINANCES DURING THE LOCKDOWN



To help people cope with the loss of income during the Coronavirus pandemic the Government and Financial Conduct Authority have put together measures to help people struggling with their bills and day-to-day living expenses. Below is a table of assistance regarding your financial situation.

The FCA has introduced emergency measures which mean that the banks and other financial institutions must help people affected the coronavirus. These INSTRUCTIONS by the FCA cover mortgages, overdrafts, loans and credit/store cards. For all of these, providing you apply to your financial provider in the first instance, and follow the guidelines set, eg about the timescale of the support, then **YOUR CREDIT RATING WILL NOT BE AFFECTED.**

It must be noted, however, that these payments are only deferred, not cancelled, and you will need to pay them over the course of time. You will also be charged interest on them in the normal way, so only take this course of action, if you feel that you are going to be struggling for money during the next few months.

### MORTGAGES

The FCA has instructed *ALL* banks and mortgage lenders to offer a payment holiday of up to three months for anyone who has been affected by the coronavirus. This offer is only available to people who do not have any mortgage arrears. (For people who have mortgage arrears each bank has different ways to help).

You need to apply on-line to the dedicated page on your mortgage provider's website, with your mortgage account number. The questions asked are literally:

- What is your name?
- What is your account number?
- Have you been affected by the coronavirus? (literally a yes/no answer, very vague, no need to go into detail)
- How many months' payment holiday do you need?

You will then, within 24 hours, receive a text/email confirming when your payment holiday will start/finish.

## **OVERDRAFTS**

The FCA has for some time been pressurising banks regarding unfair overdraft charges for people who slip into an unauthorised overdraft. Consequently, from March 2020, the banks had all agreed to have one system for both unauthorised and authorised overdrafts, and were going to be charging up to 40% interest on both. This measure would disproportionately affect people with a long-standing and quite large overdraft.

However, because of the virus, the FCA has told banks to suspend this as from 14<sup>th</sup> April 2020 and you can now ask for the first £500 of your arranged overdraft to be interest-free for three months if you have been financially affected by coronavirus. The FCA has also ordered banks to ensure that in the next three months, nobody should be worse off than what they were before the new interest charges came into being. The finer points vary between banks, so you need to contact your own bank for more detailed information and whether or not the process is automatic

## **LOANS/CREDIT CARDS/STORE CARDS/CATALOGUE PAYMENTS**

As with mortgages, the FCA has informed all of the above providers that they must provide a payment holiday to all those people who have been affected by the pandemic. It is up to the individual to apply for this help – with each provider of a financial service if necessary, eg if you have a personal loan and a credit card with your bank, then you will need to apply for the payment holiday for each one separately. Wait until you have been accepted before you cancel Direct Debit/Standing Orders on these payments, etc, otherwise your Credit Rating will be affected. However, just by having the payment holiday, there will be no adverse affect to your credit score.

## **CAR LOANS**

The FCA is working with the FLA (Finance and Leasing Association) to see how the same system as above is applied to people who are buying their vehicle on finance. However, nothing is in place as yet. If you are struggling with making payments on your car finance during this time, get in touch with your dealer in the first instance and discuss it with them.

## **PAYDAY LOANS**

These are not covered under the FCA's current instructions for the payment holiday. Therefore, you will need to contact the lender directly and explain that you cannot afford the payments and ask for a payment holiday. Also ask can the interest be frozen until such time as you can continue to make the payments again.

## **GUARANTOR LOANS**

Companies who offer loans, which require a guarantor, have agreed that they will not be pursuing the guarantor of a person who is struggling to pay their loan. Although the payday loan industry does not fall within the guidelines of the high street banks, they are being sympathetic to borrowers and in many cases are offering payment holidays. You need to contact them individually with your reasons for not being able to pay.

*REMEMBER – PAYDAY LOANS ARE NON-PRIORITY DEBTS*, your council tax, gas, electricity, should be prioritised for payment over these.

**For more information, contact Liverpool Community Advice:**

[enquiries@liverpoolcommunityadvice.org.uk](mailto:enquiries@liverpoolcommunityadvice.org.uk)

Our telephone advice-line **(0151 662 0059)** is open:

Tuesday/Wednesday                      11.00 am – 3.00 pm

Thursday                                      11.00 am – 1.00 pm

Have a look at our website – [www.liverpoolcommunityadvice.org.uk](http://www.liverpoolcommunityadvice.org.uk)

Or why not follow our regular updates on Facebook

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