



*The Help and Advice
You Need!*

YOUR FINANCES - FACTSHEET

V1, 20/4/2020

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—check out individual websites for more information).

To get your mortgage holiday, you need to apply on-line to the dedicated page on your mortgage provider's website. The questions asked are:

- ⇒ 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.

Applying for a mortgage holiday in this way **WILL NOT AFFECT YOUR CREDIT RATING**, but you need to follow the guidelines set, eg about the timescale of the support. Therefore it is important that you go through the process above, and not just cancel your Direct Debit.

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.

This mortgage holiday is intended to be a temporary measure for people who have been furloughed or who are self-employed and their business is closed for the short-term. By not having to pay your mortgage, this frees up money for food and other basic necessities. However, you will need to budget how you are spending this money, especially if your furloughed income is only 80% of your normal take-home pay.

If your income is likely to be detrimentally affected for the long term, then you need to speak to your mortgage provider about extending your mortgage term, or other options they have to help you stay in your home, etc. If you are in receipt of welfare benefits, such as Universal Credit, you can apply for a "Support for Mortgage Interest" loan, but this only pays the interest on your mortgage, not the capital, and you have to wait for 39 weeks until you are eligible to apply. Also, this SMI loan is interest-bearing and is secured on your property—it has to be paid back when you sell the property, or you die.

For more advice, contact us on **0151 662 0059**
(Tuesday and Wednesday—11 am—3 pm, and Thursday, 11 am—1 pm)
or via email on enquiries@liverpoolcommunityadvice.org.uk