

Dealing with mortgage arrears

If you are at risk of falling behind with your mortgage payments, or already have mortgage arrears, read this sheet.

Get together your information to weigh up the options

To be sure of exactly how much you can afford, and whether there any adjustments you can make to your outgoings, make sure you have filled out a **budget sheet**. You can use this in later negotiations with your lender, if necessary. You can find a useful budget sheet at <https://tools.nationaldebtline.org/yourbudget/>.

Find your **mortgage documents**, showing what kind of mortgage you have (Repayment or Interest-only), how many years are left on the term, and how much is outstanding. This information is useful if you are seeking advice. Ask a local estate agent for a **property valuation**, so that you know how much the property is now worth.

Lost your job?

If your mortgage payment problems have resulted from losing your job, and you want to claim benefits like Income Support or Income-based Job Seekers Allowance, you may be eligible for a loan to cover your monthly mortgage interest too. This is called 'Support for Mortgage Interest' and you should be offered this when you make a claim for other benefits. The loan has to be repaid when you die, or the property is sold (or transferred to someone else).

Check whether you have an insurance policy that protects your mortgage repayments if you lose your income. Sometimes people take these out when they first get a mortgage, then forget they have them.

If you have a spare room(s), think about whether you could take in a lodger (if your mortgage agreement or lease allows). Get advice from the council if you are considering this option, particularly if you are on benefits.

Tell your lender you are having difficulty

Mortgage lenders must ensure that you can keep your home, if it is at all possible, so do not be afraid to talk to them, and suggest ways they could help you. This is called 'Forbearance'.

Ask your lender if they could **lengthen the term of your mortgage**. This may reduce your monthly repayments to a more manageable level.

If you have been a good payer for many years, you may be able to negotiate a '**payment holiday**' for a few months, to enable you to get a new job. This could be a complete break in payments, or a payment reduction for a set period.

If the only option open to you is to sell your home the lender should at least allow you time to do this before they start repossession action. The lender may even be able to **help you to sell voluntarily**.

If you are already in arrears

If you are already in arrears but are now in a position to make payments, your lender might consider adding the amount you owe to the overall capital sum that is still outstanding. This effectively spreads the repayment of the arrears over the remaining life of the mortgage and is called **capitalisation**.

If the lender will not capitalise the arrears, you can make an offer to repay in instalments. You can almost guarantee that the property will not be repossessed if you calculate the instalments you offer using 'The Norgan Principle'. To do this, work out how many more months there are left on the mortgage. Divide the arrears figure by the number of months left. This is the 'Norgan figure'. Using the budget sheet at <https://tools.nationaldebtline.org/yourbudget/>, work out if you can afford this amount or more, on top of your basic monthly mortgage repayments. Be realistic about what you can afford. Then write to your lender quoting the 'Norgan figure' and the figure that you are offering as a monthly instalment.

If your lender is taking you to court

If you have been given a court date, this does not necessarily mean you will lose your home. You may be able to mount a defence. The judge may not award possession of your home to the lender or may adjourn the hearing. Your local council can advise you about mounting a defence. If possession is given, you will not be required to move out on the day of the court hearing – a date will be set for repossession. If you stay in the property past the repossession date, the lender must apply for a Bailiff's Warrant to evict you.

Applying as a homeless person

If you are threatened with homelessness within 56 days, it is important that you seek the help of your local council. If you are an eligible person, you will be entitled to help to remain in your home or find somewhere else to live. The council will work with you to develop a 'Personalised Housing Plan', outlining the steps that you and the council must take, so that this can happen.

If your lender does proceed to court, the council can ensure that you are treated fairly, and may be able to argue for your eviction to be delayed. If you are made homeless, and are in a priority need group, you may be given temporary accommodation while the problem is resolved. You would be in priority need if you have dependent children, or if you are more vulnerable than an ordinary person, perhaps because of your health. If after 56 days of trying to relieve your homelessness you still have nowhere to go and are in priority need, the council will consider if you are 'intentionally homeless'. You would be intentionally homeless if your homelessness was as a direct result of something that you have done or not done (such as deliberately not paying your mortgage when you could have afforded to do so). If you are in priority need and not intentionally homeless, the council may have a duty to provide housing.

Contacting your local Council

Ashford: <https://www.ashford.gov.uk>
Canterbury: <https://www.canterbury.gov.uk>
Dartford: <https://www.dartford.gov.uk>
Dover: <https://www.dover.gov.uk>
Gravesham: <http://www.gravesham.gov.uk>
Maidstone: <https://self.maidstone.gov.uk>
Medway: <https://www.medway.gov.uk>
Sevenoaks: <https://www.sevenoaks.gov.uk>
Folkestone & Hythe: <https://www.shepway.gov.uk>
Swale: <https://www.swale.gov.uk>
Thanet: <https://www.thanet.gov.uk>
Tunbridge Wells: <http://www.tunbridgewells.gov.uk>
Tonbridge & Malling: <https://www.tmbc.gov.uk>