



adviceⁿⁱ
the independent
advice network

Dealing with mortgage arrears

A Guide to Safeguarding Your Home.

Dealing with mortgage arrears

A Guide to Safeguarding Your Home.



When you miss payments on your mortgage or you feel at risk of missing payments, you should contact a Debt Action NI advisor immediately for free money advice.

Find your nearest advisor on www.debtaction-ni.net

The earlier you contact one of the Debt Action NI advisors, the less chance your lender will ask the court for possession of your home. The advisor will try to negotiate with your lender so that you do not lose your home.

Mortgages, second mortgages and secured loans are all loans which are secured against property and should be treated as priority debts because, if you do not pay your monthly instalments, the property can be sold to pay off your debt.

If you are finding it difficult to pay your mortgage, make sure you contact a Debt Action NI advisor immediately.



The more action you take and the sooner you take it the more likely you will keep your home.

Speak to your lender

It's never too early or too late to contact your lender, even if they have started court action. Get in touch with them as soon as possible. If you have been to see a Debt Action NI advisor, tell your lender. Be honest with them and tell them about any changes in your circumstances. A new pre-action protocol in the courts was introduced recently, which means that mortgage lenders can only take repossession proceedings as a last resort.

The more action you take and the sooner you take it the more likely you will keep your home.

Pay as much as you can

It is important that you pay as much as possible towards your mortgage. This does not mean you should ignore your other debts.

Your mortgage is the most important and you should work with your advisor to agree payments that you can manage, no matter how small.

Increase your income

You may be entitled to benefits or tax credits, and/or may be able to increase the money you have by doing other things.

See the 'How to Increase Your Income leaflet?'

Help with your mortgage interest

You may be able to claim support for mortgage interest to help with your mortgage loan repayments. You can only get help with the interest on your mortgage and not with the full capital repayments.

You may get this help if you are entitled to income support, income-based jobseeker's allowance, income-related employment and support allowance or pension credit.

Check if you have mortgage payment protection insurance

Some people take out insurance which will keep up your repayments if you are unable to work because of:

- illness
- an accident
- redundancy.

It is usually included in your monthly payments. Check your mortgage payment protection insurance policy carefully.

Your mortgage payment protection insurance may not cover you if you have a pre-existing illness. Mortgage payment protection insurance is different from a mortgage indemnity guarantee or life insurance.



Homeowners Mortgage Support Scheme: www.direct.gov.uk/hms

Be realistic

You may be tempted to take on a larger mortgage with another lender. This may allow you to clear your debts, but it can be risky. It can be difficult to afford a bigger mortgage even if the interest rate is lower.

You may also have to pay fees if you switch mortgages. Get advice before deciding if you want to take on a new mortgage. Be aware that some mortgage advisers work on commission. These advisers may have a vested interest in encouraging you to remortgage.

Homeowners Mortgage Support Scheme

If you are finding it difficult to meet your mortgage payments, but you're likely to get your finances back on track in the near future, you may qualify for the Homeowners Mortgage Support Scheme, which can defer your mortgage interest repayments for up to a maximum of two years.

When your period on the scheme comes to an end, you will be expected to go back to making full monthly repayments. As the reduced payments will have built up your total mortgage debt during your time on the scheme, you may need to increase your monthly payments or the length of your mortgage to pay back what you owe.

The scheme might be helpful if, for example, you:

- are relying on one income instead of two,
- can no longer work overtime,
- have had your hours cut, or
- had two part-time jobs, but have lost one.

It is very important to remember that you still have to pay the money back and that this scheme only stops payments for a period. It does not write off your debt.

You will need to think very carefully if you're considering this type of support so as not to end up with more debt you can't manage at the end.

To be able to benefit from the scheme, your lender must have signed up to it. Log onto www.direct.gov.uk/hms to find out a list of lenders who have signed up and agencies giving advice on this subject.

Most importantly, don't panic and don't ignore the situation. Speak to your lender and speak to a Debt Action NI advisor.

*For further help and advice including
information on Debt Advisors in your area
contact:*

Debt Action Northern Ireland
www.debtaction-ni.net



1 RUSHFIELD AVENUE
BELFAST
BT7 3FP

T: 028 9064 5919
F: 028 9049 2313
E: info@adviceni.net
W: www.adviceni.net
www.adviceni-learningonline.net

Registered Charity No. XR16104
Company Registration No. NI071966

© Copyright to Advice NI 2010



*All information is correct at the time of
publication and may be subject to change.*