

Factsheet 9

I own my own home but can't afford the mortgage

First Steps

It is important that you contact your lender if you are in mortgage arrears and attempt to come to an agreement. Your lender, if appropriate, may be able to:

- arrange temporary payment arrangements
- lengthen the term of the mortgage
- switch temporarily to interest only
- look to reduce your payments if your income has changed
- consolidate your arrears if you are able to begin paying in full



Your options will depend on:

- the type of mortgage you have
- how far behind you are with payments
- the reason you're in arrears (for example, you lost your job)
- if your financial problems are likely to be temporary or more long-term

See our advice on ensuring you have finances as healthy as they can currently be and write to your lender with an affordable and realistic proposal to tackle the arrears.

Income Maximizing

Your mortgage is a priority debt. So looking at your financial situation and working out how you can pay your arrears and keep up with future mortgage payments has to be a priority.

If you need help managing your money and bills then you can access budget planner at folkestoneandhythehomelessness.entitledto.co.uk

If you are in receipt of an income based benefit you may be able to claim Support for Mortgage Interest (SMI) payments. You may also be able to claim assistance if you are on universal credit. From the 6th April 2018 SMI is only being offered in the form of a loan which must be repaid when you either die or sell your home. These payments can help to pay the interest on your mortgage whilst you explore other options to resolve our situation.

If you are working age, call 0800 169 0310 to claim Monday to Friday 8am-5pm
If you are of pension age, call 0800 731 0469 to claim Monday to Friday 8am-6pm

Help to budget

FHDC have an inhouse Money Advice Service which any resident can access for free advice regarding their benefits and household income and budget. You can self-refer into this by emailing revenues.benefits@folkestone-hythe.gov.uk

Multiple debts

If you are struggling with multiple debts you should seek advice, as soon as possible, from agencies such as:

Stepchange:

Telephone: 0800 138 111

Website: www.stepchange.org/

National Debtline:

Telephone: 0808 808 4000

Website: www.nationaldebtline.org/ - they have a webchat facility

The Money Advice Service:

Telephone: 0800 138 7777

Website: www.moneyadviceservice.org.uk



Taking in a lodger

If your mortgage agreement or lease allows, you could consider renting out any spare bedrooms you may have. If you do need permission, make sure you secure this and don't move someone in as you could be in breach of your agreement which could result in your lender or freeholder taking you to court. You can find more information on this subject at england.shelter.org.uk/housing_advice/repossession/taking_in_a_lodger_if_you_have_a_mortgage

If you are considering taking in a lodger, make sure you seek advice from your local Council, Citizens Advice, Shelter or other professional agency. It is important that you do this as you will have responsibilities as a landlord to undertake checks on your prospective lodger. This includes checking whether they have the right to rent in accommodation as well as the fact that any extra income may impact on other benefits, etc that you receive.

What to do if you can't agree a payment proposal with your lender

If you remain in arrears, your lender will have to adhere to a set of 'pre-action protocol' rules before they can apply to court, to ensure that this is always the last resort. They must try and discuss your finances with you and give you're a reasonable chance to pay off the arrears. They must also send you a leaflet containing advice on how to keep your home.

For more information go to england.shelter.org.uk/housing_advice/repossession

Make sure you approach your local council for further advice at the earliest opportunity to discuss your options. There are many options to prevent repossession but this depends on you being proactive from the earliest point.