



Mortgage Problems – What are my options ?

If you are having problems paying your mortgage or you are worried about your ability to do so in the future then the best advice we can give is to seek help at the earliest opportunity don't ignore any request for contact from your lender. You are not alone and many people face the situation each year sometimes feeling embarrassed and not knowing where to turn for help.

Your first contact should always be with your lender who will work with you to try and find a solution. Most lenders have telephone services available to their customers.

The first contact with anyone regarding debt advice is always the most worrying and can sometimes be intimidating but lenders and advice agencies are well equipped to deal with your concerns professionally and sympathetically.

You may feel as a homeowner that the Council cannot help as we only deal with social housing but this isn't the case. We regularly offer advice across a wide variety of housing issues to council tenants, those living in the private rented sector and homeowners.

Wigan and Leigh Homes have a Housing Options team who will talk to you and find out what your circumstances are to get a clear picture before advising what your options are going forward. They can refer you to free, independent and confidential advice around budgeting and money skills and where necessary we can act on your behalf to negotiate with your lender. You can contact them on 01942 489005 or via their website at www.walh.co.uk

What help can my lender provide ?

The type of help that can be provided will very much depend upon how early you make contact with your lender.

If you are struggling to pay, the following options may be available to you:

- Interest Only – if you have a repayment mortgage you may be able to change over to an interest only mortgage. This will reduce your monthly payment as you will only be paying the interest on your loan and not the capital. However this should only be considered as a short term option as the longer it goes on the less time you leave yourself to repay the full amount of the loan.
- Interest Rates – your lender may agree to reduce the interest rate that applies to your mortgage therefore making payments more affordable to you.
- Extending the term – depending on your age and the amount of time you have left on your loan you may be able to increase the number of years left on your mortgage which will then reduce your monthly payment. You need to be careful if by extending the term you pass your retirement age so you need to ensure that this option is affordable to you in the long term.
- Payment Holidays – you may be entitled to take a payment holiday which can help in the short term but your lender is still entitled to charge interest for the period that you aren't making payments in so you need to be aware that with this option you are likely to end up paying back more overall.
- Help with selling – some lenders provide help with voluntary sales of property. This would give you extra time and help if you decided to sell your property.

Your lender will advise which options are available to you dependant upon your circumstances. It is in the interest of all lenders to work with their customers to avoid repossession which should only happen as a last resort.

A number of people feel that handing their keys back to their lender is their only option probably because they are not aware there is help and support available locally and nationally. If you make contact with us early enough we can help you to avoid a potentially homeless situation and also ensure that you haven't made yourself intentionally homeless by making rash decisions. If affordability is the reason for your arrears, we can work with you to make sure that even if keys are given back, and we would only advise this as a last resort, that we can help you to organise a planned move rather than moving at crisis point.

Can I get help from the Government with my mortgage payments?

If you have mortgage payment protection insurance (MPPI) in place then you will be expected to claim from it before asking the government for help. Your MPPI

may cover the whole of your repayment where the government can only help with the interest payments on your loan.

The mortgage rescue scheme is no longer available in England unless you were previously registered in which case support should still be available. You can apply for help from the Support for Mortgage Interest scheme (SMI) to see if you are eligible to have the interest on your mortgage paid for you. This means you would then have to find the rest of the money yourself to cover your full monthly payment or look at changing to an Interest Only mortgage temporarily.

You may be eligible if you are entitled to any of the following benefits so it is important that you are registered to sign on with the Department for Work & Pensions (DWP):

- Income Support (IS)
- Income based Jobseekers Allowance (JSA)
- Income related Employment and Support Allowance (ESA)
- Pension Credit (PC)
- Universal Credit (UC)

Not everyone will qualify, it is down to individual circumstances but the following are some of the things you need to be aware of:

- The benefit will only start 13 weeks after making the claim
- The payment is made directly to your lender
- If you are claiming JSA you can only claim SMI for up to 2 years – there is no time limit applied to any other benefit
- You cannot claim if you have savings above £16000
- The property you are claiming for must be your only home
- If you are only in receipt of PC the amount of mortgage that you can claim interest payments for is capped at £100,000 but you do not have to wait for the initial 13 week timescale that applies to all the other qualifying benefits
- SMI payments will cease when your benefit payments stop although you can apply for Mortgage Interest Run On (MIRO) to help you with the transition – this only last for 4 weeks and will be the same amount as the SMI payment but it will be paid directly to you and not your lender

How to claim SMI

To find out if you are eligible for SMI payments you should contact your local Jobcentre Plus office or the Pension Service – details can be found at www.gov.uk

Repossession Advice

Repossession action is taken by your lender in an attempt to recover ownership of the property so they can then sell it on to recover the debt you owe.

If your lender wants to take ownership of your property from you they have to follow a legal process that involves court hearings. At the hearing a judge will decide if you can keep your property, so going to court doesn't necessarily mean you will lose your home. The judge will consider if allowing you to stay is an affordable and sustainable option to you.

Repossession is the last thing you may want to consider but it is important you know what will happen if your home is repossessed.

If you receive any sort of notification regarding possible court action then take advice quickly. Do not try to deal with it alone, it is a legal issue that requires specialist help. Wigan has a County Court desk run by the Citizens Advice Bureau which is in operation at the same time as mortgage and rent possession hearings. You can drop in half an hour before your hearing time and the officer will provide advice and can represent you in court.

Legal Aid funding is still available in some cases and you can contact your solicitor, the CAB or the Community Legal Advice helpline on 0345 345 4345 to find out if you qualify for assistance.

Your attendance in court is very important. A judge is more likely to find in your favour and give you longer to sort out any problems if you attend and show you are serious about resolving your problems.

Where can I get more information?

For more information on the range of options available please contact the Housing Services team. Whilst we cannot recommend a particular option we can help you to make an informed decision about which option is best for you.

You can also access advice and support from:

Organisation	Help with	Website	Contact No:
Age UK	Debt and benefit advice	www.ageuk.org.uk	0800 169 6565
Wigan Citizens Advice Bureau	Debt, housing and benefit advice	www.wigancab.org	0344 826 9694
Christians against poverty	Debt advice	www.capuk.org	01274 760 720

Money Advice Service	Support to manage your money better	www.moneyadviceservice.org.uk	0300 500 5000
National Debt Line	Debt advice and guidance	www.nationaldebtline.co.uk	0808 808 4000
StepChange Debt Charity	Debt advice and guidance	www.stepchange.org	0800 138 1111
Unify Credit Union	Support to manage your money better including help with setting up a bank account	www.unifycu.org	01942 701706
Wigan Independent Advice Centre	Help with welfare rights and benefits advice		01942 489984
Wigan and Leigh Homes	Support and advice with all housing related issues	www.walh.co.uk	01942 489005
Wigan Advice Network	Advice across a wide range of issues with self help facilities	www.wiganadvicenetwork.org	

How to contact us:

Wigan Life Centre (South), Housing Services, PO Box 100,
Wigan WN1 3DS

Phone: 01942 489205

E-mail: housingservices@wigan.gov.uk

We can make the information in this factsheet available in other formats and languages on request.

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