

Help yourself... to manage your mortgage

If you are worried about paying your mortgage, there may be steps you can take to make your mortgage easier to manage. This leaflet gives you some ideas. For more information, see useful contacts at the back.



If you are struggling to meet your mortgage payments, there are a number of things you can do to help you keep on track and avoid getting into arrears.

If you are already behind with payments, don't ignore letters and make sure you get advice as soon as possible. An adviser at your local Citizens Advice Bureau (CAB) can help you come to an arrangement with your lender so you don't risk losing your home. Or you can phone Shelter's Homeowner helpline on ☎ 0300 330 0515.

1 Work out your finances

Before you decide on what course of action is best for you, make sure you know where you stand financially. Make a list of all your income and outgoings and any debts you have. Are you spending money on things you could easily do without?

You can find factsheets and budget sheets at www.adviceguide.org.uk or phone National Debtline on ☎ 0808 808 4000. The Financial Services Authority's (FSA) moneymadeclear website – www.moneymadeclear.fsa.gov.uk – has information leaflets and a budget calculator.

If you need help working out your finances, go to your local CAB.

2 Are you insured?

If you have recently lost your job or become too ill to work, check to see if you are covered by mortgage payment protection insurance – also known as accident, sickness and unemployment insurance. If you have problems claiming on your insurance, get advice from your local CAB.

3 Can benefits help with mortgage payments?

You may get help with housing costs such as mortgage interest payments if your income and savings are low enough and you are entitled to one of the benefits listed below. Check with your local Jobcentre Plus office to see if you can get:

- income support if you are a carer or single parent with a child under 10 (for new claims)
- income-based jobseeker's allowance if you are looking for work
- income-related employment and support allowance if you cannot work because of illness or disability
- pension credit if you or your partner are 60 or over. Phone the pension credit claim line on ☎ 0800 991 234.

You can't get help for the first 13 weeks of your claim unless you are 60 or over.

If you can get help, ask your lender if they will accept just these payments until your situation improves.

4 Could you get a better deal?

You may be better off switching to a new mortgage deal. The FSA's website www.moneyadeclear.fsa.gov.uk has more information about the different types of mortgages including a mortgage calculator. Or you can phone them on ☎ 0300 500 5000.

Make sure you know what the total cost of the new mortgage will be, including any charges made for switching. Get independent advice if you are unsure about anything.

Can you cut the cost of things like building, contents and payment protection insurances – see www.moneyadeclear.fsa.gov.uk or phone ☎ 0300 500 5000.

5 Talk to your lender

Most lenders will be willing to discuss other solutions to help you through a difficult time. For example, you may be able to:

- make reduced payments or pay interest only temporarily. Don't forget you will have to make up payments at a later date
- increase the period of time of your mortgage. This will reduce your monthly payments but you will end up paying for longer so it will cost more.

Make sure you fully understand what any changes to your payments mean and what it will cost you.

There may be other options depending on the type of mortgage you have.

An experienced money adviser will be able to go through these with you – see useful contacts on page 7.

6 Increase your income

Is there any way you could increase your income to help you pay your mortgage? Here are just a few ideas:

- Find out if you can claim any benefits or tax credits.
- Take in a lodger. Before renting a room, check if the extra income will affect any benefits you get and make sure your landlord or mortgage lender agrees.
- Check if you could get a grant to help with energy efficiency, fuel costs, home insulation.
- Rent out your garage.

7 Reduce your essential outgoings

Is there anything you can cut back on until your situation improves? Reducing your monthly outgoings will make it easier for you to manage your mortgage.

For example:

- find out from your local council if you are entitled to a council tax reduction
- ask your local council if you're entitled to free school meals for your child or help with the cost of school uniform
- get help with health costs such as prescriptions and dental treatment
- save money on household bills by switching to cheaper fuel suppliers or insurance providers.

You can get more information about increasing your income and reducing your outgoings from www.adviceguide.org.uk or pick up the leaflet *Help yourself...to get more money from your local CAB*.

8 Help from government schemes

The Government has introduced schemes to help homeowners:

- If you have suffered a temporary drop in income, the homeowners mortgage support (HMS) scheme lets you postpone paying some of your monthly mortgage payments for up to two years. If your mortgage lender is not part of the HMS scheme, they may offer a similar scheme.
- If you are facing repossession, the mortgage rescue scheme (MRS) in England allows you to sell your house but continue to live in it and pay rent. Similar schemes are available in Wales. Ask your local council.
- In Scotland, find out more about the Home Owners' Support Fund from the leaflet – *Are you in danger of losing your home?* – see www.scotland.gov.uk or visit your local CAB.

As well as government schemes, private companies may offer similar sale and rent back schemes. Think carefully before signing up to one of these schemes as you may end up worse off. Get independent advice from one of the organisations on page 7.

To find out more about government schemes, visit <http://mortgagehelp.direct.gov.uk> (no www) or phone Shelter's Homeowner helpline on © 0300 330 0515.

9 Get help

If after taking the above steps you find you are still struggling, don't give up there are still plenty of things you can do. Carry on paying what you can afford and tell your lender why you can't pay the full amount.

An adviser at your local CAB can help you with all the steps in this leaflet. To find your nearest CAB and for more information, including factsheets, visit www.adviceguide.org.uk.

10 Useful contacts (check call rates before dialling)

Community Legal Advice www.communitylegaladvice.org.uk
free legal help, adviser search, legal aid calculator (England and Wales)
Helpline: ☎ 0845 345 4345

Consumer Credit Counselling Service www.cccs.co.uk
free, confidential debt advice
Helpline: ☎ 0800 138 1111

Directgov www.direct.gov.uk
online benefits adviser, how to claim benefits, find your local council

Financial Services Authority www.moneymadeclar.fsa.gov.uk
interactive tools for budgeting and borrowing, information and leaflets
Helpline: ☎ 0300 500 5000

Health costs advice line: ☎ 0845 850 1166

HM Revenue and Customs www.hmrc.gov.uk
income tax, national insurance, tax credits
Tax credits helpline: ☎ 0845 300 3900

Home Heat Helpline www.homeheathelpline.org.uk
advice on energy efficiency and fuel debts:
Helpline: ☎ 0800 336 699

Jobcentre Plus www.jobcentreplus.gov.uk
benefits for people of working age
Benefit claim line: ☎ 0800 055 6688

National Debtline www.nationaldebtline.co.uk
free independent debt advice line: ☎ 0808 808 4000

Payplan www.payplan.com
free debt advice: ☎ 0800 280 2816

Shelter www.shelter.org.uk
housing advice including arrears and court action
Homeowner helpline: ☎ 0300 330 0515
General helpline: ☎ 0808 800 4444 (England and Scotland),
☎ 0845 075 5005 (Wales)

Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

Our aims

- Provide the advice people need for the problems they face.
- Improve the policies and practices that affect people's lives.

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www.adviceguide.org.uk

www.citizensadvice.org.uk

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