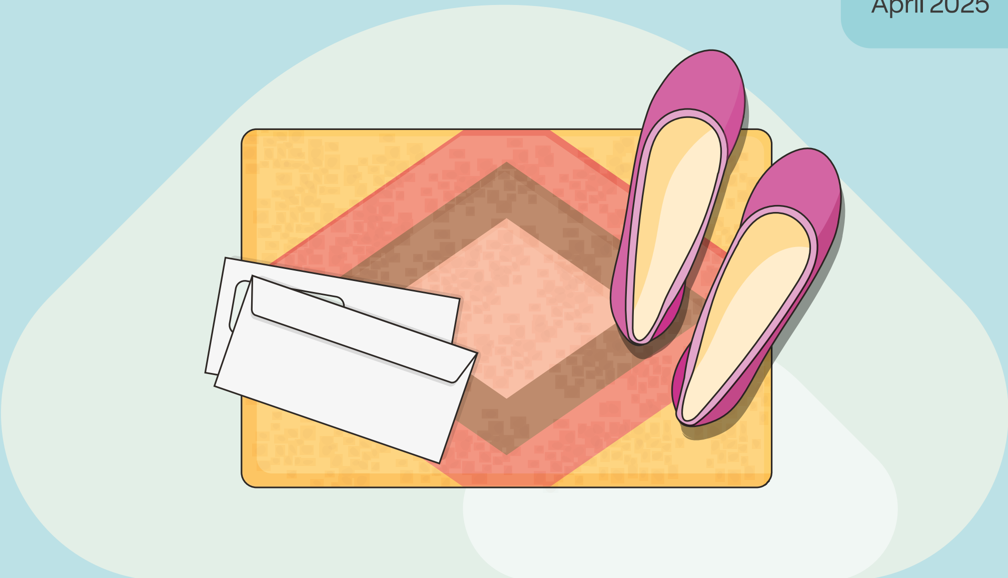
April 2025



Problems paying your mortgage

What you need to do now and how to get back on track

- Steps to take now
- What your options are
- Get free impartial advice

MoneyHelper

HM Government

Making your money and pension choices clearer

Whatever your circumstances, MoneyHelper is on your side. Online and over the phone, we offer clear guidance that's quick to find, easy to use and backed by government. We can also point you to trusted services if you need more support.

We can help you:

- deal with debt
- understand your pension options
- reduce your spending and build up savings
- navigate life events such as redundancy, relationship breakdown, retirement or bereavement
- budget for bills or major purchases
- learn about mortgages and renting
- find out about extra benefits and entitlements.

Just search for MoneyHelper: **moneyhelper.org.uk**

Free impartial guidance
online | over the phone

From

Money & Pensions Service

Here to help you

This guide is for you if you're struggling to pay your mortgage.

Contents

Act now to get your mortgage back on track.

Payment problems: what to do first

Your action plan

1. Speak to your mortgage lender
Let them know why you can't pay your mortgage - simply talking to them won't affect your credit score. They will tell you what options are available and have procedures for dealing with cases like yours. This guide will help you understand your options (see p4).

2. Make a budget
List your income, spending and prioritise your bills – keep paying what you can afford. See *Practical budgeting advice* on page 3.

3. Get free debt advice
If you're worried your debt problems are getting out of control, or have already missed one or more payments, you can get impartial advice and help from organisations that specialise in money problems. Never pay for debt advice services - find a free service in *Useful contacts* on page 12.

4. Check if you have mortgage payment protection insurance
Look at your paperwork and double check with your lender if you're not sure. If you do and your policy covers your circumstances, make a claim straight away. You might also have other kinds of protection insurance, for example against reduced income or redundancy, which could be used for your mortgage repayments.

5. Find out if you can get help with mortgage payments
If you're on certain benefits, you might be able to get a loan from the government to help pay the mortgage interest (see p8). Check what help you might qualify for with our Benefits calculator at **moneyhelper.org.uk/benefits-calculator**

Top tip

Watch out for companies with misleading names that sound like debt charities but are actually businesses.

Practical budgeting advice

- Start to get back on track today by listing all your income and spending. Use our online **Budget planner** at **moneyhelper.org.uk/budget-planner**
- Your top priority is your mortgage, so credit cards and any other loans not secured on your home should be paid after this. Look at your spending and divide it into essential bills, such as your utility bills, Council Tax (or Rates in Northern Ireland) and non-essential spending. To find out which bills to pay first, use our Bill prioritiser **moneyhelper.org.uk/cost-of-living/bill-prioritiser**
- Check if you can reduce the amount you spend on things you buy often.
- Update your budget regularly and work out how much you can pay your mortgage lender and for other essential bills.

Remember

If you're already struggling, try to avoid taking out other loans or getting into more debt to repay what you owe.

Options for paying off your mortgage arrears

There are various ways you can tackle paying off your mortgage arrears. Talk to your lender first and see if you can agree a way forward. Lenders must treat you fairly and consider any request you make to change the way you pay your mortgage. But they don't have to accept your suggestion. We've listed different options below.

Your options	Pros, cons and questions
Start repaying as soon as you can	✔ It will be cheaper in the long run. ✘ Paying off arrears quickly may mean you have less money for a short time.
Make extra payments	✔ Paying off a bit more each month than your monthly payments will reduce what you owe. ✘ It costs you more each month – make sure you can afford it. ✘ Your mortgage lender may tell you that you're not offering enough – pay the extra amount anyway and tell them why that is all you can afford.
Repayment mortgage – ask to extend the term of your mortgage	✔ This will reduce monthly payments. ✔ You can ask to switch to interest only for six months. ✘ You'll have to pay for longer – possibly into retirement. ✘ Taking into account the extra interest, you'll end up paying more for your home overall.
Ask for a payment holiday	✔ Make none of your contractual monthly payments during the payment holiday. ✘ Increases the term of your mortgage and the amount you will repay overall. ✘ Not offered by all mortgage lenders.

Falling behind on your payments can often lead to extra charges. This means the amount of money you owe will go up. So tackle the arrears as soon as you can.

Your options	Pros, cons and questions
Interest-only mortgage – ask to pay your mortgage for longer	✔ You may be able to reduce payments into the endowment policy or investment plan you're using to pay off the mortgage at the end of the term. Find out more on page 6. ✘ Extending your mortgage won't cut your interest payments to the lender. ✘ You'll have to pay for longer – possibly into retirement. ✘ You'll end up paying more for your home overall.
Add the arrears to the total mortgage balance – capitalise the arrears	✔ This spreads the payments over the length of the mortgage. ✘ Your monthly payments will increase. ✘ Your mortgage will increase, so you'll end up paying more for your home overall. ✘ Your lender is unlikely to approve if you haven't kept to agreements in the past. ✘ If the arrears and balance of the mortgage add up to more than the value of the house your lender is likely to say no.
Ask to delay paying your arrears for a time	✔ If you can afford the mortgage payments but not the arrears on top, this keeps your monthly payments level. ✔ If you've made overpayments in the past, ask your lender if these could support you to make lower payments for a while without falling behind on your payment schedule. ✘ You still need to repay the arrears and charges on them may be increasing.

It's never too late to start dealing with your debts.

Additional options for interest-only mortgage arrears

There are some additional options you can consider if you have an endowment or investment-linked mortgage.

Take a temporary break from making payments

With a mortgage linked to a savings or investment plan, such as an endowment policy, you may have to make two payments:

- the interest payments on the loan, and
- payments towards your repayment plan (if applicable).

If you can't afford both, you could ask the provider of your plan if you can stop making payments for a while.

You'll have to arrange with the company how to make up the backlog of payments once you restart your policy.

Not all interest-only mortgages are linked to an endowment policy or investment plan. You may be able to reduce payments into any separate endowment policy or investment plan you have to pay off the mortgage at the end of the term.

Cashing in or selling your endowment policy or other investment plan

If your investment or endowment has been running for several years, it may have built up a reasonable amount that you could use to pay off your arrears. This would mean cashing in or selling the policy or plan.

You'll have to take out a repayment mortgage, or find some other way to make sure you repay the money you borrowed if you cash your policy in.

Before you cash in an endowment policy or other investment plan

- Find out what your options are by speaking to your mortgage lender and the provider.
- Think carefully before you cash in an endowment policy early as its value might be considerably reduced.
- See how much you would get from your endowment provider before you decide.

Things to avoid

Don’t take out a loan to pay your debts before getting advice

- These loans can be very expensive.
- They often use your home as security, which puts it at greater risk if you don’t keep up your payments.

If you’re thinking about getting another loan, speak to your current lender first.

Don’t cut back on essential expenses

Think carefully before you cut back or stop paying essential bills such as utility bills, Council Tax (or Rates in Northern Ireland) and insurance.

- Utility bills – keep a regular eye on energy deals and be ready to switch if prices start to come down.
- Insurance – with contents insurance and life insurance, it’s important to weigh up whether spending a small amount on the premium is better than the risk of not being able to repair your home or replace your possessions if anything happens.

Don’t just hand back the keys

Think carefully before handing back the keys to your mortgage lender so they can sell the house.

- You’ll still be responsible for paying the mortgage until it’s sold. Since the introduction of the Mortgage Charter in the UK in 2023, your property now can’t be repossessed within the first 12 months of a first missed payment.
- If your house sells for less than you owe, your mortgage won’t be fully repaid and you’ll have to pay the shortfall.
- The lender can ask you for this money for up to six years after the sale (five years in Scotland). If you are contacted after six years about paying back a shortfall, get advice.
- It can make it harder for you to get a mortgage in future. This is because information about repossessions is kept by credit reference agencies.

Free debt advice agencies can offer support, help you prioritise your debts and get your finances back on track. Find an adviser before you consider handing back any keys at **moneyhelper.org.uk/debt-advice-locator**

Check if financial help is available

Government help

Check to see if you're entitled to benefits or government schemes.

- Find out what benefits you might qualify for using our benefits calculator at **moneyhelper.org.uk/benefits-calculator**
- If you already get Income Support, Universal Credit or Jobseeker's Allowance, your local Jobcentre Plus office may help with your mortgage payments.

What help you get and when it starts depends on when you took out your mortgage and how long you've been getting Income Support, Universal Credit or Jobseeker's Allowance.

Support for Mortgage Interest

If you're a homeowner getting certain income-related benefits, you might be able to get help towards interest payments on:

- your mortgage
- loans you've taken out for certain repairs and improvements to your home.

This is called Support for Mortgage Interest (SMI) and is offered as a loan.

SMI is normally paid direct to your lender. You can't get help towards the amount you borrowed – only the interest.

The loan must be repaid in full when you sell the home or when you die, unless the home passes to your spouse or civil partner.

You can find further information, options for repaying the loan and to find out if you qualify on **moneyhelper.org.uk/smi**

Help for pensioners

If you or your partner have reached Pension Credit qualifying age, you may qualify for an SMI loan to cover your mortgage interest payments.

See if you could be entitled to Pension Credit at **gov.uk/pension-credit-calculator**

Find out more about this, and other support, at **moneyhelper.org.uk/mortgage-help**

As a last resort

If you can't afford your mortgage payments and you think this situation won't change in the long term, you may think about selling your home yourself.

Selling your home

If you keep your lender up to date and do everything you can to sell your home, your lender should delay taking any action and give you time to sell it.

- Check if your lender offers an Assisted Voluntary Sale scheme. It helps you sell the property and may help with the costs of selling.
- Before you sell your home, think carefully about where you will live. You may not get help from your local council with finding a place to live if they think you have made yourself intentionally homeless.
- Since the introduction of the Mortgage Charter in the UK in 2023, your property now can't be repossessed within the first 12 months of a first missed payment.

Selling your home and renting it back

They're not common, but some companies might offer to help you if you get into financial difficulties with your mortgage payments by buying your home and renting it back to you for a fixed term. This is called a sale-and-rent-back agreement or scheme.

Risks of sale-and-rent-back

Selling your home like this may allow you to clear your debts and stay in your home, but watch out:

- you'll normally be paid less than the full market value of your home
- you could still have to leave after the fixed term of your rental agreement ends
- you might be better off, financially, to sell your property yourself and rent on the open market
- you could still be evicted if you breach the terms of your tenancy
- if the person or company buying your home gets into financial difficulties, the property could still be repossessed and you might have to leave. Find out more at **moneyhelper.org.uk/sale-rent-back-scheme**

If you choose a sale-and-rent-back agreement

The Financial Conduct Authority (FCA) regulates firms who sell these schemes.

In 2024, the FCA register showed very few regulated firms were offering this type of agreement. Always check the FCA register as you won't be protected if the firm is not authorised.

If you are considering sale-and-rent-back, think carefully before choosing this option because of the potential risks.

- Read more about the risks and possible alternatives at **moneyhelper.org.uk/sale-rent-back-scheme**
- Make sure you deal with a regulated firm so you can use their complaints procedures if things go wrong.
- Check the FCA Register to see if a firm is regulated at **fca.org.uk/register**
- Talk to a free debt advice organisation as they may be able to suggest other options – see *Useful contacts* on page 12.

Mortgage problems: how to make a complaint

If you feel your mortgage lender is not dealing with your case fairly, you can complain.

If you're not happy with the response, you can take the matter to the Financial Ombudsman Service who are completely independent and will investigate your complaint on your behalf, free of charge.

- For details of how to get in touch with the Financial Ombudsman Service, see *Useful contacts* (p12)

If someone is seeking possession of your home

Your mortgage lender should be keen to help you talk through your options and help you avoid losing your home before it gets to this stage. But there are still things you can do if a court hearing has been set.

Before taking you to court, your lender has to show that they have:

- considered any request from you to change the way you pay your mortgage, and
- responded to any offers of payment you made.

So don't bury your head in the sand and ignore any paperwork you're sent – **it's never too late to seek advice** from the free debt agencies and get back on track (see p8).

Even if a lender starts court proceedings, you won't automatically lose your home. The lender must continue to look for ways for you to pay your mortgage, so you should carry on talking to them and paying as much as you can.

The Housing Loss Prevention Advice Service may offer a free legal adviser, even if possession hasn't started yet. To search for a provider in your area, visit **find-legal-advice.justice.gov.uk** and simply enter your postcode and tick 'Housing loss prevention advice service'.

Preparing for court

If you are asked to go to court, a debt adviser from one of the organisations listed in *Useful contacts* on page 12 will be able to help you. They can help prepare your case and may be able to represent you.

- **Make sure you go to the court hearing**. If you don't, it's very likely that your lender will be given the right to evict you.
- **Work out your budget before you go to court**. The judge will want to know how much you can afford to repay. Use our **Budget planner** to help you. Find it online at **moneyhelper.org.uk/budget-planner**
- **Ask to see a duty officer** if you don't have a debt adviser or solicitor with you. They can help you with your case and may be able to represent you. Their service is free.
- **Make sure you understand the consequences of any repayment arrangement offers** from your lender outside the courtroom before you agree to them.
- **Only agree to a repayment plan if you believe you can keep to it** over the rest of the term of the mortgage.

Useful contacts

MoneyHelper

MoneyHelper is independent and backed by government to help you make the most of your money. We give free, impartial money and pensions guidance to everyone across the UK – online and over the phone.

Visit us at **moneyhelper.org.uk**

Or contact us via:

Phone

Money guidance
UK: **0800 138 7777**
if you're outside the UK:
+44 20 3553 2279
Mon - Fri 8am to 6pm

Pensions guidance
UK: **0800 011 3797**
if you're outside the UK:
+44 20 7932 5780
Mon - Fri 9am to 5pm

Webchat

moneyhelper.org.uk/moneychat

moneyhelper.org.uk/pensionschat

WhatsApp

+44 7701 342744
(money guidance only)

Online communities

Join our Facebook groups for support: **moneyhelper.org.uk/online-communities**

Free debt advice agencies

StepChange Debt Charity

Anonymous advice over the phone and online. Fee-free debt management plans and other debt solutions.
0800 138 1111
stepchange.org

National Debtline

Get a confidential and online personalised action plan to help you deal with your debts.
0808 808 4000
nationaldebtline.org

Citizens Advice

Online and face-to-face help, including factsheets and template letters to send to your lender.
England 0800 144 8848
Wales 0800 702 2020
Scotland 0800 028 1456
citizensadvice.org.uk

AdviceNI

0800 915 4604
adviceni.net

PayPlan

0800 316 1833
8am to 8pm Monday to Friday
9am to 3pm Saturday
payplan.com

Housing Rights

Housing advice if you live in Northern Ireland
028 9024 5640
housingrights.org.uk/housing-advice

Once you've explored your options with the free debt advice agencies, you may want more details about some of the options. You can get more help from these sources on specific issues.

Local council

Your local council can advise you if you'll qualify for Housing Benefit or Universal Credit if you want to sell your home and then rent.

Jobcentre Plus Office

Your local office can tell you if you are eligible for any benefits – look online for details.

Benefits calculator

To get an idea of what support or benefits you might receive, visit **moneyhelper.org.uk/benefits-calculator**

Complaints

Financial Ombudsman Service

If you're not happy with the response from your mortgage lender, you can make a complaint.

0800 023 4567

financial-ombudsman.org.uk

Debt advice locator tool

Use our **Debt advice locator** tool to find the debt advice service that's right for you.

Visit **moneyhelper.org.uk/debt-advice-locator**

This guide is produced by MoneyHelper and is also available in Welsh. To see our full range of guides and request copies visit **moneyhelper.org.uk/free-printed-guides**

Cymraeg

Contact us

Money guidance **0800 138 7777**
Mon – Fri 8am to 6pm

Pensions guidance **0800 011 3797**
Mon – Fri 9am to 5pm

Text relay services **18001 0800 915 4622**
Mon – Fri 8am to 6pm

WhatsApp **+44 7701 342744**

Website **moneyhelper.org.uk**

MoneyHelper

Calls from the UK are free. To help us maintain and improve our service, we may record or monitor calls.

Accessible formats
If you would like this guide in Braille, large print or audio format please contact us on the above numbers. Information correct at time of printing (April 2025). These guides are reviewed once a year.

Ref: PPYM_Apr25_Ed1_Eng