



Homeowners Mortgage Support (HMS)

What is it?

HMS will help people who are having difficulties meeting their mortgage repayments, but are likely to get their finances back on track in the near future. If you are accepted for HMS, your lender will delay some of the monthly interest due on your mortgage. This will reduce your payments for up to two years. The money won't be written off; you will have to pay it back eventually, with interest.

Who is eligible for HMS support?

You must have had a temporary drop in income and be unable to meet your monthly mortgage payments and:

- Have bought your home before 1st December 2008
- Be an owner-occupier. The scheme is not open to buy-to-let or investment properties
- Have an outstanding mortgage of less than £400,000 and savings of less than £16,000
- Have a regular household income and should be able to make a minimum contribution of 30 per cent of the total interest payment
- Have talked through other options with your lender and have been making regular payments for at least five months
- Have sought independent money advice

Talk to your lender about whether you qualify for HMS.

Who is offering HMS

Lenders offering their customers HMS are:

- Lloyds Bank Group which includes Halifax, Cheltenham and Gloucester and Bank of Scotland)
- Northern Rock
- Royal Bank of Scotland which includes NatWest and Ulster Bank, the One account, First Active (UK) and Direct Line
- Bradford and Bingley, including Mortgage Express
- Cumberland Building Society

- National Australia Bank Group which includes Clydesdale and Yorkshire Bank.

A number of other banks, building societies and specialist lenders will be offering HMS as soon as possible. These are:

- Bank of Ireland which includes Bristol and West
- GMAC
- GE Money
- Kensington Mortgages
- The Post Office
- Standard Life Bank.

Lenders offering similar HMS agreements

- Barclays including First Plus
- HSBC
- Nationwide
- Santander which includes Abbey and Alliance and Leicester

Customers of these lenders experiencing reduced income and willing to make regular monthly payments will receive a similar level of support. They will also be encouraged to seek independent money advice.

How does it work?

When you apply for HMS, your lender will usually refer you to an independent money adviser. You should seek independent money advice anyway so they can guide you on the benefits and risks of HMS. For example, your debt will increase and you will end up paying more on your mortgage.

Some money advisers have been trained in how HMS works and include advisers at:

- Citizens Advice www.citizensadvice.org.
- Shelter www.shelter.org.uk
- CCCS www.cccs.co.uk
- National DebtLine www.nationaldebtline.co.uk
- Payplan www.payplan.com

Who does not qualify for HMS?

You will not qualify for HMS if:

- You own more than one home
- Your income is not likely to return to its previous level

- You have mortgage payment protection insurance
- Your lender thinks that you will not be able to maintain your monthly repayments even with reduced payments
- You are receiving Job Seeker's Allowance; you can claim support for mortgage interest.

If you do not qualify for HMS, talk to your lender about other options they might have available.

I have decided to go ahead with HMS

If you decide you want to go ahead and your lender accepts you for HMS, you:

- will renegotiate your monthly payments with your lender and agree how much you can afford to pay
- will have to pay at least 30 per cent of the interest due on your mortgage each month
- can take advantage of the reduced repayments for up to two years
- must tell your lender if your financial situation changes at any time
- will have what you put off paying added to your mortgage balance
- will have to pay back this money, with interest, when you return to making normal repayments

After a year, your situation will be reviewed with your lender and an independent adviser. They will look at whether you are still eligible for HMS and if it remains the best option for you.

When you begin making normal repayments, you will need to agree with your lender how to repay what you owe. This may mean increasing your monthly payments or the length of your mortgage.

More information on Homeowners Mortgage Support can be found at www.direct.gov.uk/hms .