

# Mortgage Arrears

## Fact Sheet



Your mortgage is one of the most important priority debts that you have.

It's vital not to ignore mortgage arrears however upsetting the situation may appear.

In most cases you want to avoid repossession. However, there may be situations where you can no longer afford to keep your home.

You can speak with one of our advisors on 0800 9174607 for further information on mortgage arrears and we can help you to decide on the best course of action.

### Take the first step forward

You will need to complete an income and expenditure to work out what extra you can afford to pay off against your arrears.

Please call our freephone 0800 9174607 and one of our advisors will gladly assist you. Please look at our income/expenditure sheet for guidance.

### Talk to your Lender

By law, lenders are obliged to treat you fairly.

It's helpful to be honest about your circumstances which may have changed - for example, redundancy, death of a partner, family problems or illness. If your property is currently worth substantially more than the total mortgage, your lender may allow you to repay the arrears over a longer period.

It is also a good idea, especially in the cases of redundancy to make early intervention with your lender even before your mortgage actually goes into arrears as they will recognize that you have been committed to your repayments in the past but because of change of circumstance you can no longer maintain your agreement.

Always check the small print. Take a look at the terms and conditions of your cover for any mortgage protection insurance you may have.

### Looking ahead

Ideally mortgage arrears should be cleared as quickly as possible, however, some lenders may in fact allow you spread the arrears over a term which is suitable to both them and you. Most lenders expect the arrears to be repaid within three years.

### Extending the mortgage term

If you have a good payment record, your lender may agree to increase the mortgage beyond its original terms. Some lenders may allow you to add the amount of arrears on to the end of the agreement or else negotiate a new repayment plan, ie an increase from 25-30 years. This will reduce your monthly payment in order for you to make a contribution against the arrears. Remember that mortgage lenders are generally willing to negotiate, especially if early contact is made with them.

### Interest only mortgage

If you currently have a repayment mortgage and your change in circumstances may only be for a short period of time, it might be worth your while changing your agreement to an "interest only" mortgage.

### Maximising your income

Below are a few ways of potentially increasing your income to maximise funds:

- Investigate whether you could lower life insurance or house and contents premiums. Use comparison websites as they are an excellent way to check that you are getting the best deal.
- You may be entitled to benefits such as Income Support, Child Tax Credit, Working Tax Credits, or Disability Benefits. They can make a real difference to help you maximise your income, therefore free up some monies to assist you with your arrears.

### Court Action

If you are being threatened with court action or you have received information about a repossession hearing please telephone us for advice. It is still not too late to come to an arrangement with your mortgage lender. We can tell you what to expect at court and we can help you to put forward a payment proposal to your lender.

Please take action now and seek advice straight away. Call advice4debtNI free on **0800 9174607** or visit our website on [www.advice4debtNI.com](http://www.advice4debtNI.com)

**Always try to keep up your repayments on your mortgage and any other debt secured against your property. These are known as priority debts. Early intervention with your lender can help you avoid repossession.**

Call us FREE on: 0800 917 4607

Visit us at: [www.advice4debtNI.com](http://www.advice4debtNI.com)



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