

## **Frequently Asked Questions – Mortgage Payment Holidays**

Due to the current coronavirus situation, we are offering our customer the ability to take a payment holiday on their mortgage for up to three months.

### **What is a mortgage payment holiday?**

A mortgage payment holiday is to help those customers who are struggling due to the impacts of coronavirus. It allows you to take a break from your contractual monthly mortgage payments for up to three months.

It's important to understand that interest will continue to accrue and be added to your mortgage balance each month, during the payment holiday period. This will result in an increase in your mortgage balance.

### **Who can apply for a mortgage payment holiday?**

Anyone who is experiencing financial difficulty because of the coronavirus situation is entitled to apply for a mortgage payment holiday for up to three months.

### **Will a mortgage payment holiday affect my credit rating?**

No, providing your mortgage is not already in arrears, arranging a mortgage payment holiday will not affect your credit rating.

### **Can I still apply for a payment holiday if I am already behind on my mortgage payments?**

Yes, you can still apply for a payment holiday if you have been or will be impacted by the coronavirus pandemic. Your arrears balance won't increase during the payment holiday but you will need to think about how to repay the existing arrears at the end of your payment holiday. You should speak to a member of our arrears team about this.

### **What happens when my payment holiday ends?**

When your payment holiday ends, your monthly mortgage payments will restart. We will write to you before the end of your payment holiday to confirm when your monthly mortgage payment will restart and to advise you of changes to your monthly payment.

### **What if I need help for longer than three months?**

At the moment we are only able to offer payment holidays for up to three months. If you think that you will need help longer-term support or are worried about your financial situation, then you should contact us as soon as possible.

## How will I repay the sums owed from the payment holiday?

Unless other arrangements have been agreed with you, we will recalculate your monthly mortgage payment at the end of the payment holiday period. This will take into account your increased mortgage balance over your remaining mortgage term. Typically, this will result in an increase to your contractual monthly mortgage payments but will depend on the individual mortgage account circumstance. We will confirm your new mortgage payment to you before the end of your payment holiday.

Here are some examples of how mortgage payments could change after taking a 3 month payment holiday:

Mortgage balance	£100,000	£200,000
Mortgage Term	20 year	25 years
Interest Rate	2.1%	2.1%
Monthly payment before payment holiday	£510	£857
Monthly payment after payment holiday	£518	£869
Increase in monthly payment	£8	£12

Other arrangements are available to you, including option of making overpayments to your mortgage over an agree period to reduce the balance or extending your mortgage term. You can speak to a member of our mortgage administration team about these options.

If you have an interest only mortgage, you will need to consider whether your current repayment strategy will be sufficient to repay the increased mortgage balance at the end of the term. If you do not think this will be sufficient, please contact us to discuss your options.

## Can I cancel the mortgage payment holiday if I change my mind or my circumstances change?

You can cancel your payment holiday at any time.

## Do I need to cancel or change my payment at my bank?

If you pay by direct debit, there is no need for you to do anything – we will take care of it.

If you pay by standing order, you will need to suspend your payment instructions with your bank for the period of your payment holiday. If you're unsure how you currently pay your mortgage, please contact us before approaching your bank.