



## 2023 Update: 'Mortgage Charter'

Here's some frequently asked questions which you may find useful:

### 1: What is the 'Mortgage Charter'?

The Government, supported by the Financial Conduct Authority (FCA) has introduced a new measure which enables firms to more-easily allow mortgage borrowers (who are currently, or feel that they may in the future be facing payment difficulties) to reduce their payments for a period of up to six months.

If you have any questions about the Mortgage Charter having read this guidance, [please get in touch](#) and we'll be happy to help. It's important to highlight that we are unable to advise you as to whether the Mortgage Charter is suitable for your circumstances. Therefore, should you be unsure if taking up either of the options if the right thing for you, you should seek independent financial advice.

### 2: How do I know if I qualify for the 'Mortgage Charter'?

Despite the Government advising the Mortgage Charter is only available across first charge residential mortgages (where you reside within the property to which the mortgage is associated), we recognise that customers with other products may still benefit from the support. Therefore, we are considering requests from customers with other product types (such as second charge and buy to let mortgages) to receive the support under the Mortgage Charter. Therefore, if this relates to you, and you haven't previously received support from us under the Mortgage Charter, [please call us](#) to speak with the team to understand the next steps. There may be some other factors which prevent you from taking up support under the Mortgage Charter, so it's always best to get in touch and discuss your circumstances with us, as we'll be happy to help in any way that we can. Whether this is through the Mortgage Charter or other options that we may have available

**Note:** As confirmed by the Government, if you're comfortable with your current repayments - the Mortgage Charter won't be appropriate for you.

### 3: What are the Mortgage Charter payment-reduction options?

**Option 1:** a six month reduction in payments towards your capital balance, including a full switch to interest only payments if you feel this is what you need

**Option 2:** an extension to your mortgage term up to an agreed date (typically your 67th Birthday), with the ability to change back to your original term within 6 months, with no affordability assessment at this point .

### 4: If I choose to reduce my repayments in this way - when will the change to my repayment amount begin?

The change will start on your next repayment due date. If you pay by Direct Debit and this is currently processing, then the change will take place from the next available Direct Debit due date.

### 5: How many times can I choose the Mortgage Charter as a way to reduce my repayments?

You can only use support under the Mortgage Charter once. However, please rest assured that we may have other options to support you, outside of the Mortgage Charter. We'd be happy to discuss these with you.

### 6: How do find out more about the Mortgage Charter options?

Further information about the Mortgage Charter is available online at Gov.UK. Go to: <https://www.gov.uk/government/publications/mortgage-charter>. You're also encouraged to contact our team if you're unsure of anything. Get in touch using the details listed on the [Contact Us page](#)

### **7: I have an Interest-Only mortgage. Am I eligible for support under the Mortgage Charter?**

If you already have an interest-only mortgage, then unfortunately you won't qualify for the option of reducing payments towards the capital balance. However, you may still be eligible for the option to reduce your mortgage payments by extending the term end date. So, if you would like to explore this option, please contact us as soon as possible.

### **8: I have a Variable-rate mortgage. Is there anything I should be aware of when taking support under the Mortgage Charter?**

You should bear in mind that even though you will reduce your payments under each of the support options available, if your mortgage rate is variable, or linked to an underlying external benchmark (such as the Bank of England Base Rate), your agreed payments during the period may still increase or decrease in line with any change to your interest rate, as outlined within your mortgage agreement.

### **9: What happens when the six month period has ended?**

It depends on which option you have taken. If you have reduced the payments you are making towards your capital balance (for example, with a switch to interest-only payments), they will change so that you then continue repaying the capital balance, in addition to the interest. At this point your payments will increase and may be more than you were originally paying, to make up for the period of reduced capital payments. If you have extended your term, we will contact you to understand whether you are ready to switch the term end date back to what it was previously, or whether you wish to remain on the extended term moving forwards.

In either instance we will be in touch with a reminder before the six-month period comes to an end to review your circumstances and discuss with you the best way forward, assuming we haven't already heard from you before this.

### **10: Will this have an impact on my credit file and are there any consequences of taking support under the Mortgage Charter?**

We will not report any information to the credit reference agencies that will affect your credit score during the six-month period. However, once the period ends, we will resume reporting the status of your account and other lenders may use this other information in future which might affect your ability to obtain credit.

## **Further Support**

There will be additional things that you should be aware of before entering into either of the support options under the Mortgage Charter and we'll ensure you're fully aware of these before you enter into them. We will also confirm it in writing.

## **YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE**