



Mortgage arrears: what to do if you are behind on payments

Being a homeowner can be challenging and falling behind on mortgage repayments could put you at risk of losing your home. However, there are urgent steps you can take if you find yourself falling behind.

What is 'Mortgage in Arrears'?

Missing mortgage payments means you're at risk of falling into mortgage arrears, a serious situation which should not be ignored. The impact of the cost-of-living crisis has led to more and more homeowners falling into arrears. It can seriously impact your credit file and your ability to borrow, with persistent arrears resulting in the loss of your home.

What do I need to do?

Contact your lender straight away. Not notifying your lender could trigger the arrears and can have a detrimental impact on your credit report. Ask your lender for support, as they may offer guidance depending on your circumstances which could include a reduction in payments

or extending your term. It's important to understand that accepting this guidance will add to the cost of the mortgage over the longer term.

Therefore it's important to switch back to your usual mortgage payments as soon as your finances are manageable, in order to reduce long term costs. Reaching out to your lender and discussing your situation will not impact your credit file, so there is no harm in asking for support.

Reassessing your finances is an important action to take. Taking the time to organise your money can help when finances get tight. If you're in arrears, you may find yourself struggling with other payments too. If this is the case, seek debt help through debt counselling agencies. Proving that you've been actively trying to

manage your debts could delay the repossession of your home. As a result of the Mortgage Charter, the majority of lenders won't repossess a home until at least 12 months after the first missed payment. You will not be forced to leave your home without consent, unless in exceptional circumstances.

Should the worst happen, and repossession is inevitable, consider selling your home yourself. As a result, you won't have a repossession registered against you which could help you in the future.

Rising interest rates and unemployment over recent months have put pressure on homeowners and disposable income, forcing some to cut or suspend monthly mortgage payments. It's not all doom and gloom, with many options available before repossession occurs.

For more information, contact your adviser who can support you and discuss the options available to you.



If you'd like to discuss the options available to you, contact your adviser today.

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