

## Sorting out mortgage problems

This information is for homeowners in Northern Ireland.

Mortgage problems can feel overwhelming. It's normal to worry about keeping on top of mortgage payments. If you're having trouble paying your mortgage, it's essential to [get help](#) and be in touch with your lender.

On this page, you can find some advice on:

- getting help to make your payments
- talking to your lender and
- dealing with other mortgage problems

### Always respond to your lender

It's essential to read any letters or emails from your lender. This way, you'll know about possible problems before they get worse. Your lender will usually send a letter or email if you miss a mortgage payment. They'll ask you to contact them about the missed payment and explain how you plan to catch up.

You'll usually have seven days to contact your lender or pay the missed payment.

If you do not contact your lender or you miss up to three payments, your lender may start legal action against you.

### Apply for a loan to help pay your mortgage

You may be able to get [Support for Mortgage Interest \(SMI\)](#). This is a loan to help with housing costs such as:

- interest on a mortgage
- a loan to buy a home
- improving your home

You can apply for SMI if you're a homeowner and you've been getting one of these benefits for at least 39 weeks:

- income-related Employment and Support Allowance (ESA)
- income-related Jobseeker's Allowance
- Income Support
- Pension Credit

You can apply for SMI after three months of claiming Universal Credit.

Since SMI is a loan, you'll need to pay it back with interest. You must be able to prove how you spent the money. To apply for SMI, [complete the form online](#) or when you get it by post.

The amount of SMI you get depends on how much you owe. Keep in mind, it might not be enough to pay back everything you owe.

## **Other help with paying a mortgage**

If you get other benefits, you may be able to get help to pay for:

- [your rates bill](#)
- some service charges on your home
- your rent, if you own part of your home and rent part of it

[Get advice](#) to find out [what you may be entitled to](#).

## **Speak to your lender as soon as possible**

Getting letters from your lender can feel scary, but lenders want to work with you to keep you in your home. It's easier for them to do this than to go through the process of repossession and eviction.

Most lenders have special teams that work with people who need help. They can help you make a plan to budget and manage your money better.

## **Negotiate with your lender**

Reach out to your lender as soon as you miss a payment or if you might miss one soon. It's easier to fix problems with your mortgage when you act early. At the same time, [please speak to one of our advisers](#). They can help you talk to your lender and make a plan.

If you feel rushed or intimidated by a lender to leave your home, this might be illegal. They must have a legal reason to take away your home, and you may be able to stop repossession at any stage in the process.

## **Video: Getting help with mortgage payments**

### **Video transcript**

Thinking about mortgage problems can feel overwhelming. It can be hard to know what to do and where to start.

Falling behind on payments can be easy, because of changes like losing a job, getting ill, splitting up with a partner or higher interest rates.

Every day at Housing Rights, we help people to tackle mortgage debt and stay in their homes.

It's best if you get advice as soon as possible, even if you're just starting to worry about missing a payment.

But no matter what stage you're at, we can talk to you about your options. We can also speak to your lender or their solicitor on your behalf.

This can involve looking at your income, checking if you're eligible for help with interest and making a realistic repayment plan.

Our advice is free and confidential and an adviser can talk you through a plan that works for you.

Contact Housing Rights if you're worried about mortgage problems. You can call, email or chat to an adviser online.

# **Selling your home to pay off your debt**

Your lender might repossess your home if you cannot pay your mortgage. They should give you the chance to sell your home to pay off the debt. You must be able to show that you're taking active steps to sell your home. For example, it's listed online or with an estate agent.

## **Keep track of the process with your lender**

Your lender must follow certain steps when figuring out problems with your mortgage. It's important to keep a record of this information by:

- taking notes when you talk to your lender
- keeping any letters, emails, or texts from your lender

## **Discuss options to pay off mortgage debt**

Getting into arrears is serious. But it doesn't necessarily mean that you'll lose your home or that you'll need to pay it all back in one go. There are lots of ways to get back on track. Talk to your lender about the following options.

### **Capitalising your arrears**

This is when you ask your lender to add the arrears to the amount (or 'capital') you originally borrowed. It means the amount of arrears is spread across the time left on your mortgage. It can make the amount easier to pay but usually increases your monthly payment.

### **Paying extra each month**

Your lender may give you more time to pay if you can manage small payments towards the arrears every month. Even small payments can stop the interest from increasing. This is a good option if your situation has improved since you fell behind. You can:

- make a formal agreement to increase your monthly payment – the amount you agree to must be enough to clear your arrears in the time left to your mortgage

- ask for 'forbearance' – this means that your lender will put you into a fixed rate
- offer a token payment – if you cannot pay enough to have a formal agreement, the lender may accept smaller payments

## **Extending the mortgage term**

The mortgage term is the amount of time you have to repay the mortgage. Lenders offer different mortgage terms, usually 25-30 years. You can ask your lender to extend your mortgage term. Your monthly payments will go down, but you will end up paying more overall. This is usually considered 'new lending.' It means you need to meet the lender's criteria, which can be difficult.

## **A temporary payment arrangement**

If you have short-term financial problems, you can ask your lender for a temporary change to how you pay your mortgage. For example, you can ask to pause payments or reduce the amount for a period of time until you're back on your feet.

## **Claiming on mortgage payment protection insurance**

This can cover payments if you cannot pay for certain reasons. For example, if you are sick or made redundant. If you took out insurance when you bought your home, check if you can claim on it to cover arrears.

## **Selling a home in negative equity**

If you're in negative equity, you need to be careful about selling your home to clear the debt. 'Negative equity' means you owe more on your mortgage than your home is worth. This means that selling your home will not be enough to cover all your debts.

[Speak to an adviser](#) if you're in negative equity. It can be tricky, but our advisers can help you work through it. Your lender should still give you the chance to repay your debts.

Be aware that:

- you need your landlord's permission to put your home on the market if you're in negative equity
- if you voluntarily hand over the keys to your lender, you may still owe money
- some companies charge a fee to sell a home that's in negative equity – our advisers can talk you through selling your home and avoiding extra costs

## Be careful with 'mortgage rescue' schemes

Mortgage rescue schemes operate by buying your home and renting it back to you.

The schemes, also called 'sale and rent back', say this lets you stay in your home by agreeing to let you become a tenant. There are risks with these schemes, such as:

- you can be evicted when your tenancy ends or if you cannot pay the rent
- the scheme may pay less than your property is worth, but charge you high rent
- you may not be able to get help with housing costs

It's better to [work with an adviser and make a plan](#) to manage and pay back your debt, rather than take the risks with a mortgage rescue scheme.

Remember, there are no government mortgage rescue schemes in Northern Ireland. They're always privately owned.

## More advice

- [Managing your mortgage and income](#)
- [Taken to court by your mortgage lender](#)