

MONTHLY GATESHEAD HEALTH STAFF ADVICE BULLETIN

ISSUE 22: Housing- Mortgage and Shared Ownership Issues

This month we return to our housing series. Previously we looked at issues for those renting in the private and social sectors, giving advice on rent increases, section 21 notices, council tax, and benefit entitlement. In this bulletin we'll look at dealing with mortgage arrears, ways to reduce your monthly mortgage payments, and eviction due to mortgage arrears.

With rising interest rates and the increase in the cost of living, Citizens Advice has seen a significant rise in the amount of people coming to our service experiencing financial difficulties who have a mortgage. If someone you know is struggling with their mortgage, the following information may be of use to help navigate through this financially challenging time.

Ways To Reduce Your Monthly Mortgage Payments

If you're up to date with your mortgage payments but would benefit from a temporary reduction in the amount you pay, you can:

- extend your mortgage term to reduce your payments - you should have the option to switch back to your original term within 6 months
- switch to interest-only payments for 6 months

This only applies if your lender has signed up to the 'Mortgage Charter' agreement, however most lenders have.



You can [check if your lender is signed up to the Mortgage Charter on GOV.UK](#).

Depending on your mortgage type, you may be able to ask your lender to:

- Reduce your monthly interest payments. Your lender will probably only agree to this if your property is worth more than what you owe.
- Reduce or stop repayments temporarily.
- Pay your mortgage back over a longer period of time- this would mean you pay more interest in the long term.



Before you make any changes to your mortgage, ask your lender if there will be a charge for this, and how much it will be. They may have an administration fee (for changing the terms of your mortgage) or a redemption fee (ending your fixed term mortgage before the agreed date)

If you have a shared ownership property

If you own a property through a shared ownership scheme, you'll usually pay both a monthly mortgage payment and a rent payment to your landlord.

If you are struggling to pay your bills, you can ask to temporarily pause or reduce your monthly mortgage payments. You can also ask to only pay the interest charges on your loan.

There is the option to extend your mortgage to lower your monthly payments, but it will take longer to pay off the mortgage loan if you choose this.

Help Dealing with Mortgage Debts

If you know of someone who is struggling to keep up with their mortgage payments and is now in debt, it is necessary to work out a way to pay back what is owed. Mortgage arrears/debt are 'priority debt', this means you need to pay them before other debts like credit cards.



If you have more than one debt, [work out which debts to deal with first - Citizens Advice](#)

Your mortgage lender will contact you if you owe them money- make sure not to ignore them. Through explaining your situation and outlining that you are trying to work out how to pay back what you owe, they might give you more time to pay off your debt.



If you decide to change your mortgage to pay off your debt, you should make sure you understand how any change in your mortgage could affect you. You can get [independent financial advice to help you make a decision.](#)

[Speak to an experienced debt adviser](#) immediately if you:

- don't have any options for paying off your debt
- can't reach an agreement with your mortgage lender
- have received a letter from your mortgage lender threatening court action

There are things you might be able to do to help to pay off some or all of your debt.

In addition to the mortgage changes in the previous section, you may be able to:

- add the debt to your mortgage
- Make extra mortgage payments
- Extend the time left on your mortgage

Only some of these options might be open to you, it depends on your circumstance.

Eviction For Mortgage Arrears

Your mortgage lender must take you to court before they can take your home. This is called 'taking possession action'. If no court hearing has taken place, your lender can't take your home. If your lender is taking you to court, [check what you need to do when your lender starts possession action](#).

Get breathing space if you need more time to decide what to do

The government-backed Breathing Space scheme could help you if you need more time to decide how to deal with mortgage arrears. You can get breathing space at any point of the eviction process.

If you're eligible, you could get 60 days of breathing space where your mortgage lender can't:

- Evict you
- Contact you
- Take action to make you pay the arrears
- Add interest and charges to the arrears

You will still be expected to pay your regular mortgage payments. If you get into further arrears after you start this process, your lender can still contact you about those.

The Breathing Space can also help with other debts, for example, personal loans, credit cards, and missed payments on utility bills.



[Talk to an adviser to see if you can get Breathing Space.](#)

Remember you can get in touch with your Citizens Advice Gateshead team for impartial advice, information, and guidance.

Email gestaffswa@citizensadvicegateshead.org.uk or call 0191 490 4231 and we'll be back in touch with you within 1 working day Monday to Friday.