

This factsheet looks at what to do if you are having problems paying your mortgage and what to expect if your lender goes to court to repossess your home.

What should I do if I can't pay my mortgage?

Talk to your lender

The first thing to do is talk to your lender. Do this as soon as you think you won't be able to pay your mortgage or if you have missed a repayment. If you ignore their phone calls and letters it will only make things worse. There are various things your lender may be able to do to help - they may allow you to pay off the arrears in instalments over a reasonable period or change your mortgage to interest only, which will reduce your repayments. Some lenders will agree to add the arrears to the mortgage debt or allow you to have a payment holiday. The sooner you talk to them, the more options are likely to be available to you.

Before you speak to your lender, try and work out your income and outgoings so that you know what you can afford to pay. Be realistic – don't promise what you can't afford.

Get advice

You might be entitled to some benefits, especially if you've lost your job or can't work because you are not well. A debt counselling service may also be able to help you get your finances under control.

Prioritise your spending

Make sure you prioritise your mortgage, council tax and utilities before other expenditure. If you are falling behind with other payments, get some debt advice as soon as possible, but remember if you stop paying your mortgage you risk losing your home. Even if you can't pay the whole mortgage payment, pay whatever you can afford. This will show your lender you are trying to tackle the problem and will stop the arrears rising too quickly.

Increase your income

There might be ways that you can increase your income, such as renting a room out in

your home. Under the government's Rent a Room scheme if you take in a lodger no income tax is paid on the rent you receive up to £7,500 per year (about £144 per week). If you are getting benefits seek advice first, because the income you get from renting a room will effect your entitlement. You should also inform your lender before renting out a room.

Check out if there is help available locally

Some areas have mortgage rescue schemes – ask your local authority for details. Beware of private mortgage rescue schemes or 'sale and rent back' schemes – although they offer a quick solution to your financial problems, and allow you to remain in your home, it will only be as a tenant. If you miss your rent payments, you could be evicted.

Are you insured?

Check whether you have mortgage payment protection insurance and whether you can claim on it – for example, if you've been made redundant or can't work due to illness.

Sell your home

Sometimes, when you know that your financial problems are going to be long-term and you can no longer afford the mortgage, it might be sensible to sell your home. If the property is repossessed and the lender sells it, it is likely that it will sell for less than you might get on the open market. Before you take this step, think carefully, talk to your lender and get some independent advice.

My lender is taking me to court

If you have mortgage arrears, your lender may take you to court to repossess your home and for the money you owe them. You will be informed if this happens and will receive a claim form from the court, which should have all the details of your lender's claim for possession of your home. You should fill in the 'reply form' and send it back to the court. This is your chance to tell the court about your financial situation, how you have got into arrears (for example, if you have lost your job, become ill or your relationship has broken down) and any proposals you have to repay the arrears.

Make sure you attend the possession hearing. If possible, get advice first. In many county courts there are free-of-charge Housing Possession Court Duty Schemes, where a duty solicitor or advisor can give you last minute help at court by giving you advice, representing you before the judge, and negotiating with your lender. Don't assume help will be available – check with the court first. If it is not, contact a local advice agency, such as Shelter Cymru or Citizen's Advice and see if they can help you.

The court will listen to what the lender's representative and you have to say and will decide whether you can keep your home and what payments you must make. Generally, the judge will want to help people keep their homes if they can. Provided you can show the court that you can meet the mortgage instalments and pay off any arrears within a reasonable period, they are likely to make a suspended/postponed possession order or adjourn possession proceedings.

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If it doesn't seem likely that you can afford the mortgage and pay off the arrears, the judge will probably make an outright possession order and you will usually have to leave your home in 28 or 56 days.

If you breach the order made by the court, or the judge makes an outright possession order, your lender can ask the court bailiff to evict you. You will get a Notice of Eviction from the bailiff and this will tell you the time and date they are coming. If your circumstances change at the last minute

and you can pay off some or all of the arrears before you are evicted, you might be able to keep your home, by applying to the court to have the eviction stopped. Seek urgent advice if this happens to you.

Remember: you are more likely to keep your home if you get advice early on.

Last updated February 2018

Information contained in this factsheet is correct at the time of publication. Please check details before use. Shelter Cymru is a registered charity No. 515902

Further advice

send us an email at

<https://sheltercymru.org.uk/email-advice/>

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