

## **How does the Support for Mortgage Interest Work**

### How have the rules changed?

From 5th January 2009, more assistance is available for homeowners receiving benefits to help them pay their mortgages.

### **Waiting times temporarily reduced to 13 weeks**

If you are receiving income support, income-based jobseeker's allowance, or income-related employment and support allowance, you will now be entitled to support on your mortgage interest payments after 13 weeks. Previously the waiting time was 39 weeks for new claims, or in some cases 26 weeks. If you have waited more than 13 weeks already, and had been told that you needed to wait for 26 or 39 weeks you should now be eligible.

### **Help now available on mortgages up to £200,000**

Before 5th January 2009, it was only possible to claim help with interest payments on loans up to the value of £100,000, or the first £100,000 of a larger loan. For certain claimants, the capital limits on which you can claim relief have now been increased from £100,000 to £200,000. This means that you may be able to receive help on paying the interest charged on a larger amount. The rate at which interest can be paid will be fixed at 6.08 per cent until June 2009.

### **Two year time limit introduced for some claims**

If you're receiving income-based jobseeker's allowance, you'll only be able to claim help with housing costs for up to two years. There will be no time limit to existing claims or to new claims from people receiving income support, pension credit or income-related employment and support allowance.

### Who can get help with mortgage interest?

You can probably claim payments towards your housing costs, including mortgage interest, if you are claiming any of the following qualifying benefits:

- income support
- income based jobseeker's allowance
- income related employment and support allowance
- pension credit.

## How much of my mortgage is covered?

It may be possible to claim help with interest payments on loans up to a value of £200,000. This maximum amount was increased from £100,000 on 5 January 2009.

You may get enough help to pay all or part of the interest on your mortgage payments. You can't get any money to cover the capital you originally borrowed or any investment that is linked to your mortgage (such as an endowment policy, pension or ISA). You can ask your lender for a statement of your mortgage costs and how much of what you pay is interest. However, if you got your mortgage after you started claiming benefits, you may not be eligible. If you already had your mortgage, but increased it after you started claiming, you will only get interest payments on the amount you originally borrowed.

## How do I claim?

When you apply for income support, income based jobseeker's allowance or pension credit; you will need to include information about your mortgage and housing costs in order to get the extra payments. You will have to provide proof of your income, details of your financial situation and any related paperwork. Your lender will have to complete some of the forms confirming the details of your loan.

If you are already receiving these benefits but are not getting any extra payments towards your housing costs, contact your local Jobcentre Plus office or the Pension Service and ask them to send you a form.

If you need help applying, get advice from Citizen's Advice Bureau from:

- Citizen's Advice Bureau, Blaby Citizen Advice Bureau, Blaby Service Shop, 10 Forge Corner, Blaby, Leicester, LE8 4FZ – Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, Fountain Court, Rear of 42 High Street, Market Harborough, Leicester, LE16 7AF – Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, One Stop Shop, Gilmorton Road, Lutterworth, Leicester, LE17 4DY - Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, Glenfield Parish Council, Park House, Stamford Street, Glenfield, Tel: 0116 2318498
- Citizen's Advice Bureau, Braunstone Civic Centre, Kingsway, Braunstone Town, Tel: 0116 2890045
- Citizen's Advice Bureau, Stoney Stanton Library, St. Michaels Court, New Road, Stoney Stanton, Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, King Street, Enderby, Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, Broughton Astley Library, Main Street, Broughton Astley, Tel: 0844 848 9009 or 0116 2727793

## When will I get the first payment?

People over the age of 60 who are claiming pension credit are entitled to help immediately but there are waiting periods for everyone else. If you took out your mortgage after 2 October 1995, payments normally won't start until 13 weeks after you started claiming a qualifying benefit.

This waiting time (qualifying period) was temporarily reduced from 39 weeks on 5 January 2009. If you had already applied for help before that date and are still in the qualifying period, your eligibility depends on how long you have been waiting already:

- If you have already waited 13 weeks by 5 January 2009, you will get support for mortgage interest on the first day of the first benefit week after that date.
- If you have not yet waited 13 weeks, you will get support for mortgage interest on the first day of the first benefit week 13 weeks from the date you applied.

The rules about waiting periods are complicated, so talk to an adviser if you're unsure about your situation.

## How much will I get?

If your home is considered to be too expensive or too large for your needs, any payments you receive may be reduced to cover the costs you would have if you could reasonably be expected to move to a more affordable home. If you are in this situation, get advice. It may be possible to show that it is not reasonable to expect you to move somewhere else.

If you are separated and it is possible for you to receive some help with mortgage payment from your ex-partner, you will need to talk to an adviser to check how these payments are to be made. They may affect the amount of benefit you are entitled to.

The amount that you get will depend on the standard rate set by the Department for Work and Pensions at the time. The rate is currently fixed at 6.08 per cent until June 2009. If your mortgage interest rate is lower than the standard rate all of the interest will be covered but if it is higher than average you will have to pay the difference from any income or savings you may have. It might be possible to negotiate with your lender if the difference is very small and you will be able to pay it off soon.

## **How is it paid?**

Payments are usually made directly to your lender at the end of every four weeks. This is the case even if your mortgage payments are due on a monthly basis, so you may appear to be behind with payments.

If you're receiving jobseeker's allowance and you claimed after 5 January 2009, you'll only be able to claim help with housing costs for up to two years. There is no time limit if you claimed before that date or are receiving income support, pension credit or income-related employment and support allowance.

## **What about housing benefit?**

Housing benefit only covers rent payments, so you can't claim housing benefit to pay your mortgage. However, if you bought your home through a shared ownership scheme, you may be able to get housing benefit to help pay the rent on the share you do not own.

## **Where can I get help and advice?**

If you're having problems with your claim, your local Citizen's Advice Bureau may be able to help.