

New Homeowners Mortgage Support Begins

New support to help homeowners remain in their homes if they fall on difficult times will be available from today, announced Housing Minister Margaret Beckett.

Homeowners Mortgage Support (HMS) will enable eligible borrowers who suffer a temporary loss of income to cut their mortgage interest payments for up to two years to help them get back on track with their finances.

This new support will be available throughout the UK and builds on a range of measures the Government has already put in place to ensure that repossession is always a last resort.

From today, the following major high street lenders will offer their customers HMS: Lloyds Bank Group (which includes Halifax and Bank of Scotland), Northern Rock, the Royal Bank of Scotland (which includes NatWest and Ulster Bank), Bradford and Bingley, Cumberland Building Society, and the National Australia Bank Group (which includes Clydesdale and Yorkshire Bank).

A number of other banks, building societies and specialist lenders have also confirmed today that they will offer their customers HMS as soon as possible. These are Bank of Ireland (which includes Bristol and West), GMAC, GE Money, Kensington Mortgages, the Post Office and Standard Life Bank.

Lenders offering HMS will have the security of a Government guarantee if the borrower defaults.

At the same time, four other high street lenders, Barclays (including First Plus), HSBC, Nationwide and Santander (including Abbey and Alliance and Leicester) have all confirmed today they will offer comparable arrangements to HMS to their customers, while opting not to take up the Government guarantee. Customers of these institutions experiencing a reduction in income and willing to make regular monthly payments will receive a similar level of support and be encouraged to seek independent money advice.

As a result of today's announcement, lenders covering more than 80 per cent of the mortgage market will now be providing enhanced support to their customers. Borrowers will receive independent money advice as part of these changes to help them make the right decisions for their circumstances.

Margaret Beckett said:

“We know that many families are worried about how to pay the mortgage right now, and we’re determined to ensure there is real help available for them.

“Today’s news is a result of excellent co-operation between Government, lenders, and money advice services.

“On top of the range of measures we’ve already put in place, this new support will help borrowers who just need a bit more time to get themselves back on their feet.

“The clear message to borrowers is to contact your lender straight away if you’re concerned about how to pay the mortgage as often a solution can be found.”

The Government will continue to work with smaller lenders to encourage as many as possible to offer HMS or comparable arrangements for their customers in the future. HMS does not provide consumers with a payment holiday. The mortgage interest payments that have been deferred will eventually have to be paid back.

The enhanced support agreed by lenders today will be underpinned by FSA regulation and the Financial Services Ombudsman to ensure customers are treated fairly.

Since the autumn, the Government has put in place a range of measures to give more protection to households at risk of repossession. This includes a new pre-court action protocol for all the main high street lenders, quicker and more extensive support to home owners who have lost their job, a scheme to enable the most vulnerable home owners to stay in their homes, and a major extension of free debt and legal advice.

Statistics released today show that, on average, each month more than 2800 people in England and Wales who are at risk of losing their home benefit from free, immediate legal advice and representation in Court, thanks to the Housing Possession Court Duty Scheme, run by the Legal Services Commission.

Duty advisers are available on days when repossession cases are heard and are available to anyone, regardless of their income, who has a hearing listed on that day. Almost 34,000 people across England and Wales used this service last year, an increase of more than 5000 compared to 2007.