

Homeowners Mortgage Support Scheme

April 2009



From 21 April 2009 the Homeowners Mortgage Support Scheme (HMSS) has been introduced UK wide and will allow borrowers to defer up to 70% of mortgage interest payments if they lose some of their income.

The scheme is one of several initiatives that have been launched recently by the government to stop or reduce repossession cases.

Borrowers who are eligible under the HMSS are able to postpone up to 70% of their monthly mortgage payments for up to two years. The money postponed is added on to the remaining balance of the mortgage to be paid back when the homeowner leaves the scheme. Applicants therefore are still required to meet at least 30% of their interest payments. Other qualifying criteria for the scheme include a mortgage debt of less than £400,000 and less than £16,000 in savings.

Lenders offering the HMSS will have the backing of a government financial guarantee that will protect the Lender for up to 80% of the borrower's foregone interest repayments if they default on their mortgages. The following major high street lenders are taking part in the scheme:

- Lloyds Bank Group (which includes Halifax and Bank of Scotland)
- Bradford and Bingley
- Northern Rock
- Royal Bank of Scotland (which includes Natwest and Ulster Bank)
- National Australia Bank Group (which includes Clydesdale and Yorkshire Bank)
- Cumberland Building Society

Other Lenders who plan to join the scheme and offer their customers HMSS as soon as possible are:

- Bank of Ireland
- GMAC
- GE Money
- Kensington Mortgages
- Standard Life Bank
- The Post Office

Nearly all Building Societies and some major banks including HSBC, Barclays and the Santander Group (which includes Abbey and Alliance & Leicester) have decided not to take part formally in the HMSS but have agreed to offer a similar level of support to customers.

The government estimates that around 80% of mortgage borrowers will be covered by some form of mortgage support scheme.

For more information on the above matter please contact a member of our Property team on 028 9024 3141.

Please note: The content of this article is for information purposes only and further advice should be sought from a professional advisor before any action is taken.