

Appendix 2 - Advisors guide (Draft) – Support for Mortgage Interest

Support for Mortgage Interest is changing from April 2018

What is it?

Support for Mortgage Interest (SMI) helps with the interest part of the mortgage repayments for people who are out of work or of pension age and on certain benefits. Generally people need to be claiming:

- Income Support
- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Universal Credit
- Pension Credit

They may still be able to get SMI if they apply for one of the qualifying benefits but can't get it because their income is too high. They will then be treated as getting the benefit they applied for.

What are the changes?

Formerly paid as a benefit from April 2018, SMI becomes a secured loan.

Since September 2017, the Department for Work and Pensions (DWP) has sent letters and an information leaflet to people who currently get SMI to explain what is changing. The letters say that they will receive a call from Serco within three weeks of the date of the letter to explain further. Serco run some of the DWP's telephone services. Serco will tell the person more about the loan, but the person themselves will need to decide if it's best for them.

After 6 April 2018, they will still receive the same amount of money to help with their mortgage payments, and paid in the same way to mortgage lenders, but it'll be a loan instead. They will need to pay it back, but only when they sell the home or give it to someone else - for example if they give it to a relative, even if they still live there.

The DWP advised that 124,000 people are affected nationally by these changes and that approximately half of these will be people of pension age, many others will have dependent children. People don't have to accept the loan, but if they don't their current benefit will end. If they then don't make alternative arrangements with their lender they could accrue mortgage arrears which means they may be at risk of repossession. There is no option to stay on the current benefit.

A further impact is that some residents may also lose their entitlement to other benefits (known as passported benefits) that have as a qualifying criterion the receipt of a state benefit. The claimant may however still be able to claim these passported benefits under other criteria, such as low income. It is not known how many people may be affected, but the DWP estimates that the number of people affected may be between 1,000-2,000 people nationwide and believe that most of these will be

pensioners. This would translate into around 5 people in Oldham. The passported benefits that affected claimants may lose include Winter Fuel Payments, Cold Weather Payments, Legal Aid, Warm Homes discount, help with health costs, Council Tax Reduction, Housing Benefit, free school meals and free education entitlement for two year olds.

Residents are encouraged to consider their options before they decide what to do. The following sources of information may be of help.

Where can residents get more information?

The following websites may be of help:

www.gov.uk/support-for-mortgage-interest

www.citizensadvice.org.uk/debt-and-money/mortgage-problems

www.ageuk.org.uk/information-advice/money-legal/benefits-entitlements/support-for-mortgage-interest

www.moneyadviceservice.org.uk/en/articles/support-for-mortgage-interest

Residents may want to seek independent financial advice. The Money Advice Service has more information on this:

www.moneyadviceservice.org.uk/en/articles/choosing-a-financial-adviser

What if they want to speak to someone?

If they want to talk to someone before deciding what to do, there are a number of national and local agencies who may be able to help.

National agencies

The Money Advice Service - 0800 138 7777

Shelter - 0344 515 1640

Age UK National Advice Line – 0800 055 6112. Open 365 days per week 8.00 am – 7.00 pm, including all bank holidays.

Local agencies

Oldham Citizens Advice Bureau - 03444 889 622

Age UK Oldham – 0161 622 9333

Oldham Council Welfare Rights Team – 0161 770 6655