



Homeowners Help with housing costs

This booklet:

- is for customers getting Income Support, Jobseeker's Allowance or Employment and Support Allowance; and
- gives you information about the help you may be able to get if you have housing costs.

Important

This booklet only gives you general guidance and should not be treated as a complete statement of the law.



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This booklet explains the help you can get with housing costs if you get Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance.

It also gives you general information if you receive contribution-based Jobseeker's Allowance and contribution-based Employment and Support Allowance.

If you are unemployed or not able to work

If you are unemployed or not able to work remember that:

- you are responsible for your housing costs and your home is at risk if you do not keep up repayments on your mortgage or any loan secured on your home; and
- your lender, your insurer or we, the Social Security Agency (SSA), may be able to give you help or advice if you are not able to pay your housing costs.

What you should do

You should tell your lender as soon as your financial circumstances change or if you are finding it difficult to pay your mortgage.

If you have made a temporary agreement with your lender to help you through a difficult period you must keep to it. If you find you can no longer meet the arrangements, you must tell your lender immediately.

If you have an insurance policy you should contact your insurer immediately. Your insurer will expect you to provide proof that you are not able to work. You should check with your insurer what proof they need. You should keep any letters you receive from us as your insurer may need to see them.

If you are not able to work, you should ask us for advice. You may be entitled to help with your housing costs. This booklet explains what help may be available.

Most people who are entitled to Income Support, Jobseeker's Allowance or Employment and Support Allowance will not get help with housing costs for a 13-week period at the start of their claim. We call this the qualifying period.

Tell us immediately if your circumstances change as this may affect whether or not you are entitled to benefit.

Help you could get

Help from your lender

Your lender needs to know as soon as you are finding it difficult to pay your mortgage. They will be able to:

- give you advice if you are having problems paying, **and**
- explain what they can do to help you deal with short-term difficulties.

Help from your insurer

If you become unemployed or sick, you may be able to make a claim on your insurance policy. You must make this claim immediately.

Your insurer will answer any questions you may have about the conditions of your insurance policy.

Your insurer will need proof that you are unemployed or sick. If you are unemployed, you must continue to sign on and give your insurer any proof they need that shows you are actively looking for work. If you are sick you should get medical certificates and your insurer may ask you to take part in an independent medical examination. You must give your insurer the proof they need, even if you are not entitled to any benefit. If you do not, your insurer may not be able to allow your claim.

Help towards mortgage repayments

The Department for Communities and Local Government has introduced a new mortgage scheme called, 'Homeowners Mortgage Support'. It may be able to help if you are finding it difficult to pay your mortgage and are not entitled to help with your housing costs from us.

You should talk to your lender and get free, independent debt advice on whether these schemes could help you.

Homeowners Mortgage Support

Homeowners Mortgage Support is designed to help homeowners whose income has dropped, (for example, if one member of your household has lost their job, or if your working hours have been cut or you can no longer work overtime).

To qualify for this scheme, you must be able to show that your drop in income is only temporary.

The scheme allows your lender to delay some of the monthly interest due on your mortgage. This will reduce your monthly mortgage payment for up to two years. This money is not 'written off' and you will need to pay it at a later date. You will need to contact your mortgage lender to see if they offer this scheme and if it is suitable for you.

You can visit www.nidirect.gov.uk for more information.

You will not qualify for this scheme if you are getting help from us towards your mortgage interest payments.

Help from us

We may be able to help you with housing costs. For most people under the age when they can get Pension Credit, there is a qualifying period before we can help with housing costs.

We will help you with housing costs from the first day you become entitled to benefit if:

- you, or your partner, have reached the age when you can get Pension Credit;
- you are a member of a co-ownership scheme;
- you live in a tent.

In most other cases, we will help you from week 14 of your claim.

We use 'partner' to mean

- a person you are married to or a person you live with as if you were married to them; or
- a civil partner or a person you live with as if you were civil partners.

You may be able to get help with:

- mortgage interest payments;
- interest payments under a hire-purchase agreement to buy your own home;
- payments of rent or ground rent relating to a long tenancy;

- certain service charges; and
- rent charges under the Rent Charges Act. Rent charges are rent payments that some freeholders pay under the conditions of their freehold.

Repairs and improvements

We can help with interest on loans you take out to carry out repairs on your home. This includes interest on a loan for any service charges. We may only be able to help you if you took out the loan for one of the following reasons, and the repairs were needed to make your home fit for people to live in.

- Providing a fixed bath, shower, sink or toilet and any plumbing needed for this, including providing hot water not connected to a central-heating system.
- Repairs to existing heating systems.
- Fitting a damp-proof course.
- Providing ventilation and natural lighting.
- Providing drainage facilities.
- Providing facilities for preparing and cooking food.
- Providing insulation.
- Providing electric lighting and sockets.
- Providing storage facilities for fuel or rubbish.
- Repairing structures that are not safe.

- Adapting a home for a disabled person.
- Providing separate bedrooms for children of different sexes aged 10 or over (but under 20) who live with you.

Other charges

We can also help you with other housing costs. The 13-week qualifying period explained in this booklet does not apply to housing costs if you:

- are a member of a co-ownership scheme; or
- live in a tent.

If you are not sure if your current housing costs are included in either of the above lists, ask us.

We cannot guarantee what housing costs will be allowed in the future, but we can give general advice.

Why we may not pay your housing costs in full

We may not be able to pay your housing costs in full if your loan is more than the upper limit for your circumstances (except if you have borrowed more to adapt your home for a disabled person who is living with you).

The upper limit increased on 5 January 2009 from £100,000 to £200,000 for most new customers and some existing customers.

We may not be able to pay your housing costs in full if:

- you have taken out a loan for reasons other than buying your home or carrying out eligible repairs or improvements;
- your home is much bigger than you need or in a very expensive area;
- you have taken out a loan while you are receiving Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit (some people who could not get help may now be able to get it);
- you have gone from renting your home to buying it, and your housing costs have increased; or
- there are other people living in your home who we assume are paying some money towards your housing costs.

Income from an insurance policy

We ignore the following income from an insurance policy when we work out how much benefit you can get.

We ignore any income that you used to:

- make payments on the insurance policy itself;
- pay interest payments that your benefit cannot cover during the qualifying period;
- repay investments or pay the premiums on an endowment policy or PEP;
- pay for buildings insurance; or
- pay other charges that we cannot include.

We consider any other income from an insurance policy when we work out your benefit.

We treat income from **all** insurance policies in the same way. This applies even if the policy is linked to a loan that your benefit cannot help with.

How to claim

To get help with your housing costs, you must first claim Income Support, Jobseeker's Allowance or Employment and Support Allowance.

We will ask for details of your housing costs on form **MI12**, before we can consider paying them. We will send you form **MI12** about four weeks before your qualifying period ends.

When you receive form **MI12**, fill in **parts 1 to 6** and send it to your building society, bank or other lender immediately.

Your lender will fill in rest of form **MI12** and return it to us. We will use the information provided by your lender to work out how much we will pay to help with your housing costs.

Remember, if you delay sending form **MI12** to your lender, your benefit may be affected.

How interest payments are worked out

In most cases we will work out your eligible mortgage interest using:

- the balance outstanding of the eligible amount of your mortgage or loan, less any payments you have missed; and
- the standard rate of interest set by the Government.

We work out the amount of eligible mortgage interest by multiplying the amount of your loan that we can allow by the standard rate. This amount is then divided by 52 to give a weekly figure.

Example

A person has a mortgage of £80,000 and the standard rate is 6.08%.

Annual interest

$$£80,000 \times 6.08\% \quad £4,864$$

Weekly amount payable

$$£4,864 \div 52 \quad \mathbf{£93.54}$$

We do not use the lender's own interest rate to work out your housing costs.

We work out your housing costs using the standard rate of interest. We will send you a letter telling you that you do not need to report any changes in interest rates. You must still report other changes which may affect your housing costs, such as changes in a non-dependant's circumstances, and any other changes which may affect your entitlement to benefit.

If you do not report a change your benefit may be affected.

The Mortgage Interest Direct Scheme

The Mortgage Interest Direct Scheme allows us to pay your housing costs direct to your lender. Once a year, lenders are invited to take part in the scheme. Only lenders who take part can receive direct payments. If your lender does not take part in the scheme, you receive your mortgage interest along with the rest of your benefit. You are then responsible for paying this money direct to your lender.

Direct payments of mortgage interest are made to the lender every four weeks for the previous four weeks. This means that, in a full year, 13 payments are made instead of the usual 12 monthly payments. You should not fall behind with mortgage or loan repayments simply because of these different arrangements. We will tell you when we will start taking these from your benefit. We will also tell your lender the amount that we will pay and the date from which we will pay it, and confirm the number of the account we will pay it into. If you are told that you are falling behind with your mortgage or loan repayments, contact your lender immediately.

Only mortgages secured on the property are covered by the scheme. For all other types of loan, you must continue with your own arrangements with the lender.

If you have other income which reduces your benefit, we may not be able to pay all the mortgage interest to the lender. In this case, contact your lender about the balance immediately.

If you fall behind with your mortgage repayments

You cannot get help with the interest charged on payments you have missed.

If you fall behind with your repayments for any reason, contact your lender immediately to make arrangements for paying.

If you are finding it difficult to pay your mortgage, rather than risk losing your home, you must talk to your mortgage lender and explain your circumstances.

Your mortgage lender may be able to help. You may also find it helpful to get advice from a law centre or other advice centre.

You should remember that your mortgage lender cannot repossess your home without your agreement, unless they have a court order. If you have received a possession summons, it is in your interests to go to the court hearing so that you can give the court information about your income and legal responsibilities.

This will help the court to decide whether or not to suspend the possession order because you are willing and able to repay the amount you owe over a reasonable period. The court will decide what is a reasonable period.

Breaks in your claim

12 week linking periods

If there is a break in your claim of 12 weeks or less, you will not have to start a new qualifying period. We treat your new claim as a continuation of your previous claim. We call this a 'linking period'.

If your qualifying period finished before the break, you will not have to serve another.

If there is a break during your qualifying period, it will not affect the date the qualifying period ends.

Longer linking periods

In some cases you can have breaks in a claim for more than 12 weeks without having to serve another qualifying period on your new claim. You must have been already getting housing costs on your earlier claim.

The break in your claim can be up to 26 weeks, if:

- it was due to a Child Maintenance and Enforcement Division maintenance award and you qualify for benefit again because that award of maintenance has reduced, or
- you cannot get any more help from an insurance policy because it has already paid out in full.

The break in your claim can be up to 52 weeks, if your claim ended because:

- you started full-time work (16 hours a week or more for you, or 24 hours a week or more for your partner), or
- you stopped receiving benefit to take part in an approved government scheme.

The break in your claim can be up to 104 weeks, if:

- you were not able to work for more than 196 days before taking up full-time work, and
- you claim benefit again because you are not able to work again.

Mortgage interest 'run-on'

You can get help with your housing costs, which include:

- mortgage interest payments;
- ground rent; and
- certain service charges;

for an extra four weeks if your benefit stops because of full-time work (16 hours a week for you, 24 hours a week for your partner). There is no need to make a claim for this.

You may be eligible to receive the mortgage interest run-on if you or your partner have:

- started full-time work that you expect to last for five weeks or more;
- increased the hours of your current work to 16 a week (or 24 hours for your partner);
- been getting benefit for at least 26 weeks without a break; or
- been getting help with your housing costs and still have to make these payments when you start work.

If you have answered 'yes' to all of these points, you may be eligible for the mortgage interest run-on.

However, if you or your partner apply for Pension Credit, any period of mortgage interest run-on will end as soon as you or your partner receive Pension Credit.

For more information, please contact us.

When help will stop

We will help you with your housing costs for up to two years, if you receive Jobseeker's Allowance under new rules from 5 January 2009.

Important

This two-year limit does not apply if you are claiming Income Support or income-related Employment and Support Allowance. It also does not apply if you claim Jobseeker's Allowance within 12 weeks of ending a claim to Income Support or income-related Employment and Support Allowance.

If you are not entitled to benefit

You can only receive help with housing costs if you get Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance.

If you are not entitled to any of these benefits (for example because of the amount of income or savings you have), you may become entitled once the qualifying period has ended and your housing costs are included. This will normally be 13 weeks later.

If so, we will send you a letter, telling you to make another claim and when to make it. We will not remind you to reclaim.

You need to meet the basic conditions for benefit during your qualifying period for housing costs. This means that you should still sign on or provide medical evidence even if you do not receive any benefit.

If you are entitled to contribution-based benefit only

Although we do not pay housing costs if you are claiming contribution-based benefits only, you may become entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance once your housing costs are included.

Any time you spend on contribution-based benefit may count towards your 13-week qualifying period for housing costs.

If you are not sure about whether you will qualify for housing costs after the qualifying period, check with us.

Useful contacts

If you have any questions:

- about benefits, contact us;
- about insurance payments, contact your insurer; and
- about mortgage payments, contact your lender.

If you are not happy with the service you receive; contact your local benefits office.

You can find the phone number and address on the advert in the business numbers section of the phone book. Look under 'Social Security Agency'.

You can make a complaint about your insurer or lender by writing to:

Financial Ombudsman Service
South Quay
183 Marsh Wall
London
E14 9SR

www.financial-ombudsman.org.uk

You can get more information and advice about mortgages on the Financial Services Authority website at www.fsa.gov.uk

More information and advice

You may be able to get Pension Credit if you and your partner have reached the minimum age or over.

For more information about Pension Credit, ask us for a leaflet or visit www.nidirect.gov.uk

For more information about Income Support, ask us for a leaflet or visit www.nidirect.gov.uk

For more information about Housing Benefit, contact your local Northern Ireland Housing Executive or Land & Property Services.

To find out more about other social security benefits, visit www.nidirect.gov.uk

This leaflet is available in large print, in Braille and on audio tape. Contact your local Social Security or Jobs & Benefits office for more details.

