

INFORMATION FOR INTEREST ONLY BORROWERS

If your mortgage is currently being repaid wholly or partly on an interest only basis, it means that on the interest only part you are only paying off the interest, and the original amount borrowed on that basis will still be outstanding at the end of the mortgage term.

It is your responsibility to ensure that you have the means to repay your mortgage at the end of the term.

In order to help you, we have listed below some things you may wish to consider.

What should I do?

Review your plans.

You may have put plans in place when you took out the mortgage, but have you considered whether those plans are still realistic?

Repayment Plan	Things to do/Considerations
Investments and regular savings plans, e.g. <ul style="list-style-type: none"> • Endowment • Investments • ISAs 	<ul style="list-style-type: none"> • Review your last statement • Current rates of growth are low – is the plan growing satisfactorily? • Do you need to increase your payments or take out an additional savings plan?
Sale of property and/or downsizing	<ul style="list-style-type: none"> • Depending on timing, will property value be sufficient to repay the loan? • How long will it take to sell the property? • Will you be able to afford to buy or rent a new property as well as repay the mortgage?
Inheritance	<ul style="list-style-type: none"> • The timing and amount of any inheritance are not guaranteed, and may be affected by other factors, e.g. the need to pay for long term care or the payment of inheritance tax

If you have any doubts about your current plans for repayment of the outstanding capital at the end of the mortgage term, we strongly recommend that you seek independent financial advice.

Is there anything else I can do?

If there is a gap between your current plans and the amount to be repaid at the end of the mortgage term, there are various other options you may wish to consider. To discuss any of these options, please call us on 0344 770 8030.

Repayment Options	This Means
Making capital repayments	<ul style="list-style-type: none"> • If you can make lump sum payments of £1,000 or more during the remainder of the mortgage term, this will reduce the capital balance outstanding so that a smaller lump sum will be required at the end of the mortgage term • Monthly payments can be recalculated, but if you leave them at the same amount this will, over time, also reduce the amount outstanding • Less interest will be payable over the term of the mortgage
Making regular monthly overpayments	<ul style="list-style-type: none"> • When regular overpayments total £1,000, they can be treated in the same way as a lump sum payment to reduce the capital balance outstanding so that a smaller lump sum will be required at the end of the mortgage term • Less interest will be payable over the term of the mortgage



Repayment Options	This Means
Switching your mortgage to a repayment basis	<ul style="list-style-type: none"> • If you switch all of your mortgage, the outstanding balance will be repaid over the remainder of the term, so there will be no need to find a lump sum at the end • Monthly payments will increase, and this could be substantial depending on the remaining term of the mortgage • Less interest will be payable over the term of the mortgage
Switching part of your mortgage to a repayment basis	<ul style="list-style-type: none"> • If you switch part of your mortgage, the capital balance will decrease over the remainder of the term, so a smaller lump sum will be required at the end of the mortgage term • Monthly payments will increase, depending upon the amount you switch and the remaining term of the mortgage, but will be less than if you switch all your mortgage • Less interest will be payable over the term of the mortgage
Extending the mortgage term	<ul style="list-style-type: none"> • Extending the mortgage term can help to keep repayments affordable if you switch all or part of your mortgage onto a repayment basis • If you extend the term, you will pay more interest in total over the lifetime of the mortgage • Your current age will be taken into account when considering how long your mortgage term could be extended

Remember

It is your responsibility to ensure that you have the means to repay your mortgage at the end of the term. If you are unable to repay the loan at the end of the mortgage term, we may take action to recover the amount owed to us, up to and including repossessing the property and selling it.

Useful websites

The following websites contain information which you may find useful as you consider whether your plans for repayment are realistic and/or the options available if you need to put new plans in place.

<http://www.moneysavingexpert.com/mortgages/>

<https://www.moneyadviceservice.org.uk>

www.unbiased.co.uk

