



DENTAL & MEDICAL

FINANCIAL SERVICES

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Struggling to pay off your mortgage?

Options if you can't afford your mortgage payments

Maintaining your mortgage payments can be challenging, especially during a cost-of-living crisis. Those concerned about their ability to repay their mortgage should contact their lender in the first instance.

This will not affect their credit score, and lenders can offer a range of support options depending on individual circumstances – such as a temporary mortgage holiday or extending the term of your mortgage.

This concern intensifies in an economy as unpredictable as the British weather. A well-thought-out contingency plan is vital to alleviate the financial burden of such unfortunate circumstances.

Dilemma of mortgage payments without a steady income

So, how do you continue to manage mortgage payments without a regular inflow of income? The answer lies in maintaining open and honest communication with your lenders, exploring avenues like mortgage holidays and considering interest-only agreements to lighten the financial load.

Transparent communication with lenders is imperative

Engaging in transparent dialogue with your

lender is essential when faced with job loss and the subsequent inability to meet mortgage repayments. Ignoring the situation only amplifies financial stress. More often than not, lenders empathise with borrowers who find themselves in testing times and may be willing to formulate a solution for those who approach them in a timely manner.

Being honest about your situation, including details of job loss and other significant financial challenges, is crucial. Some lenders might provide forbearance programmes or hardship plans that temporarily halt or reduce mortgage payments until the borrower's financial situation improves. Remember, open communication is the first step towards these solutions.

The option of mortgage holidays

Mortgage holidays, which gained prominence during the pandemic, provide a temporary break from repayments. This can be a feasible solution for homeowners experiencing a sudden loss of income. Regular mortgage payments are not required during this period, providing some relief in financially uncertain times.

However, it's important to remember that a mortgage holiday doesn't mean debt forgiveness. Instead, the deferred payments are added to the total mortgage balance, extending the loan term.

Therefore, homeowners must carefully weigh up the implications of a mortgage holiday, as it could lead to slightly higher monthly payments once the repayments recommence.

Interest-only mortgages a temporary solution

If appropriate, switching to an interest-only mortgage is another option for those experiencing financial hardship. Borrowers are only required to pay the interest on their loan each month – not the principal. This can significantly reduce monthly payments, providing immediate relief for those with limited or no income.

However, it's worth noting that while an interest-only mortgage offers temporary financial respite, the loan balance remains the same. The total amount owed on the mortgage doesn't decrease over time, meaning the borrower will eventually have to repay the loan over a longer period or face higher monthly repayments.

Reassessing expenses and budgeting is a necessary step

In the wake of unemployment, it's vital to re-evaluate your overall financial situation and pinpoint areas where expenses can be





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cut. This involves formulating a budget that prioritises essential costs like housing, utilities and food. See if you can extend your savings and manage your finances by reducing discretionary spending and non-essential items until a new job opportunity arises.

Utilising government support schemes

Various government support schemes are available for individuals dealing with income loss, including unemployment benefits and Universal Credit, as well as other assistance programmes like the Support for Mortgage Interest (SMI) scheme. It's worth exploring these options and applying for any support you may be entitled to.

If you're a homeowner, you might be able to get help towards interest payments on your mortgage. The SMI is paid as a loan, which you'll need to repay with interest when you sell or transfer your home (unless you move the loan to another property). You also need to receive a qualifying benefit to get SMI.

Several support options available for those in need

The government also offers various schemes, such as assistance with energy bills and cost-of-living payments for lower-income people. Visit www.gov.uk/cost-of-living to learn more about these funds and check your eligibility for support.

The government has several support options available for those in need. In England, residents can apply for a Council Tax reduction if they're on a low income or unemployed. In Scotland, eligible residents can get free prescriptions and have travel costs covered. In Wales, households with someone receiving Universal Credit can get money off their energy bill through the Welsh Government's Winter Fuel Payment Scheme.

Making informed decisions tailored to your circumstances

Being a homeowner and facing unemployment during a cost-of-living crisis is undeniably tough. However, with the right approach and expert professional advice, navigating these

challenging times and finding solutions to manage mortgage payments effectively is achievable. Remember, seeking advice can be invaluable in making informed decisions tailored to your unique circumstances. ■

Need further information or guidance on managing your mortgage?

If you need further information or guidance on managing your mortgage during unemployment, don't hesitate to get in touch. We're here to help you navigate this difficult period and find effective solutions tailored to your needs. For more information, please get in touch with us.

