

What happens if Homeowners are affected by Covid-19?



Covid-19 has created more uncertainty than any other point during peace time.

Many businesses are struggling and the government have been forced to intervene to ensure unemployment is capped at manageable levels.

Millions of people have been placed on the government's coronavirus job retention scheme (CJRS) with incomes instantly reducing by 20%.

Many homeowners have struggled to continue repaying financial obligations and the threat of repossession or eviction have been very real.

Mortgage Payment Holidays

In March, the government launched a three-month mortgage payment holiday which is an agreement with a homeowner's lender allowing them to stop or reduce their monthly repayments.

The scheme was recently extended for a further three months and is available to anybody struggling to repay their mortgage.

The interest on your mortgage will still accrue during the payment break and your lender should communicate the various ways you can repay the additional interest that will be owing.

How can I apply for a mortgage payment holiday?

Simply contact your lender and explain your circumstances to them. There is no need to prove your financial hardship and all applications are being fast-tracked to ensure an approval takes place quickly.

Given the fact that over 1.8 million homeowners are currently using the scheme, the Financial Conduct Authority (FCA) and the government have ensured that any payment holiday will not negatively impact a homeowner's credit rating.

Do I have to take a mortgage holiday?

A mortgage holiday is not the only option available to those struggling.

You will still accrue interest each month on the remaining money you owe if you take advantage of a mortgage holiday.

Many homeowners may feel uncomfortable in getting into more debt.

Your lender will provide alternative options which could help whilst you are struggling.

Increasing the length of your mortgage term could help you to pay less over a longer period.

Lenders could also offer the option of making interest or capital only payments. Here, the homeowner would take a temporary break from paying off their mortgage and instead pay the monthly interest on the debt. This would prevent owners from owing more and will allow them to considerably reduce their monthly payments.

Will I get evicted during the Covid-19 crisis?

The government made changes to current laws through the Coronavirus Act in March. Part of this stated that all housing possession actions will be suspended.

This included any actions already in progress in addition to new orders.

Currently these laws will run until 25 June 2020 but could be extended further.

If you would like to speak to one of our experts ring us on 0333 305 5189 or email us at info@lpropertylawyers.co.uk

