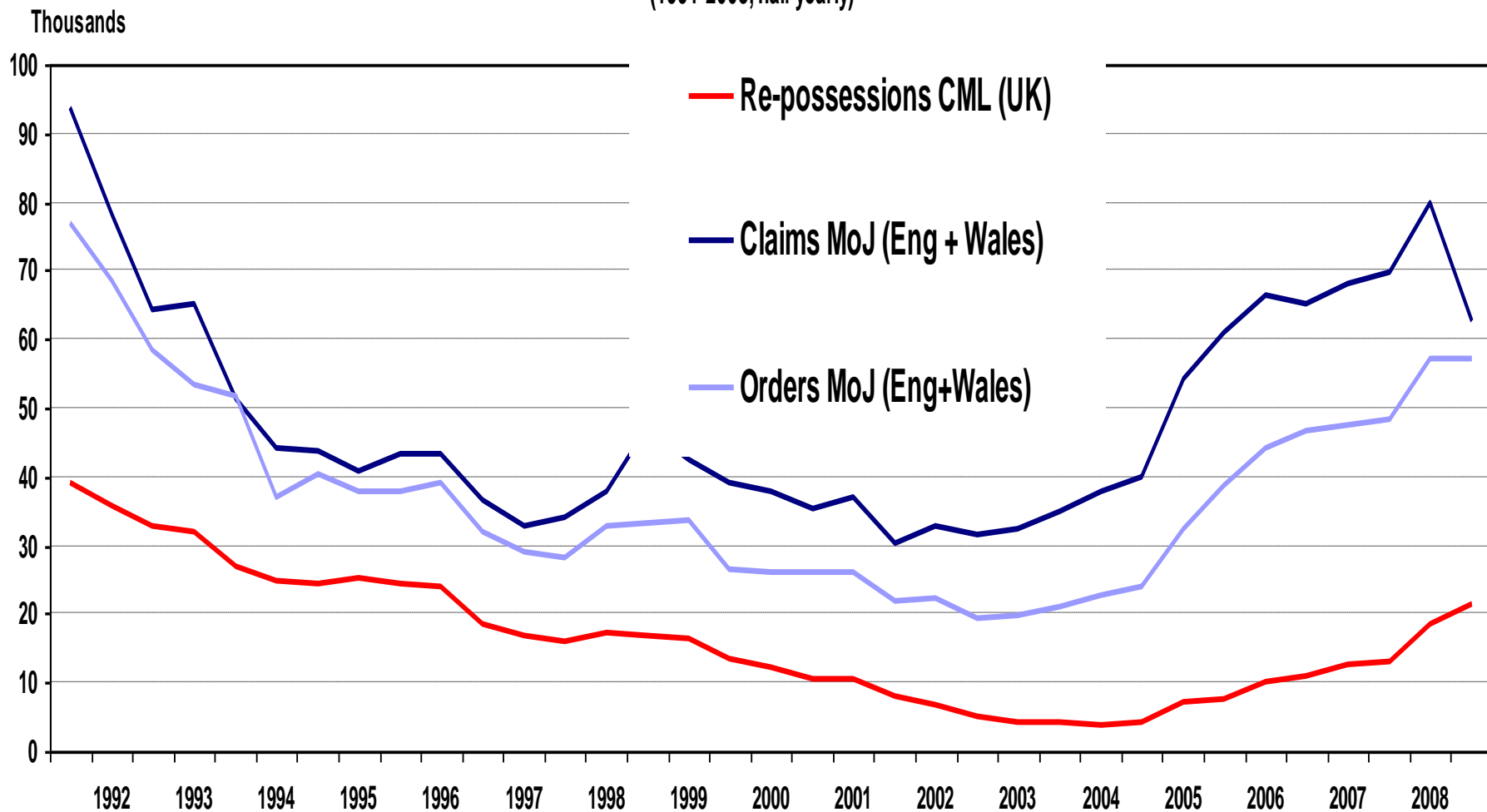


# Government Action to Prevent Repossessions

**Preventing Repossessions Summits 2009**

Possession Actions, Orders & Re-possession  
(1991-2008, half yearly)



Source: Ministry of Justice (MoJ) & Council of Mortgage Lenders (CML) Data not seasonally adjusted

- The Government focus is on preventing repossessions:
  - 1) Affects low income households;
  - 2) Households likely to be re-housed at Government expense;
  - 3) Impacts negatively on communities;
  - 4) Depresses consumer confidence;
  - 5) Depresses house prices.



## Extension of free **debt and legal advice**

- Getting advice early is crucial to helping households avoid repossession;
- Public awareness campaign through Directgov launched on 20 February;
- Additional investment of £17.5m for debt advice services nationally;
- Expansion of the housing possession court duty scheme.



## Enhanced support through the benefit system

- Improvements to **Support for Mortgage Interest** for new working age claims from 5 January 2009;
- Eligible for those on Income Support, income-based Job Seekers Allowance, income-related Employment and Support Allowance or State Pension Credit;
- Provides help with mortgage costs up to £200,000 (increased from £100,000) and after 13 weeks (instead of 39 weeks).
- Administered by Job Centre Plus.

## New support for homeowners

- Introduction of the **Mortgage Rescue Scheme** to support up to 6,000 vulnerable households;
- £285m funding to allow households to convert to 'shared equity' or 'Government mortgage to rent';
- Expanded in November 2008 to include those with second charges;
- Expanded in April 2009 to include those in negative equity and revise the regional property price caps.



## New support for homeowners

- Introduction of **Homeowners Mortgage Support** from 21 April 2009;
- Aimed at households who experience a temporary income shock;
- Eligible households defer up to 70% of their mortgage interest payments for up to two years;
- The Government guarantees 80% of the deferred interest in case the borrower defaults;
- Some lenders are offering comparable arrangements without taking up the guarantee.

## New support for homeowners and tenants

- Introduction of a £20m **Local Authority Preventing Repossession Fund**;
- Funding for local authorities to provide small loans to prevent households from repossession or eviction;
- For example, to write-down some negativity equity to allow a household to enter the Mortgage Rescue Scheme or to pay off a second charge putting the property at risk;
- Part of the Homelessness Programme Grant to be available in June or July.

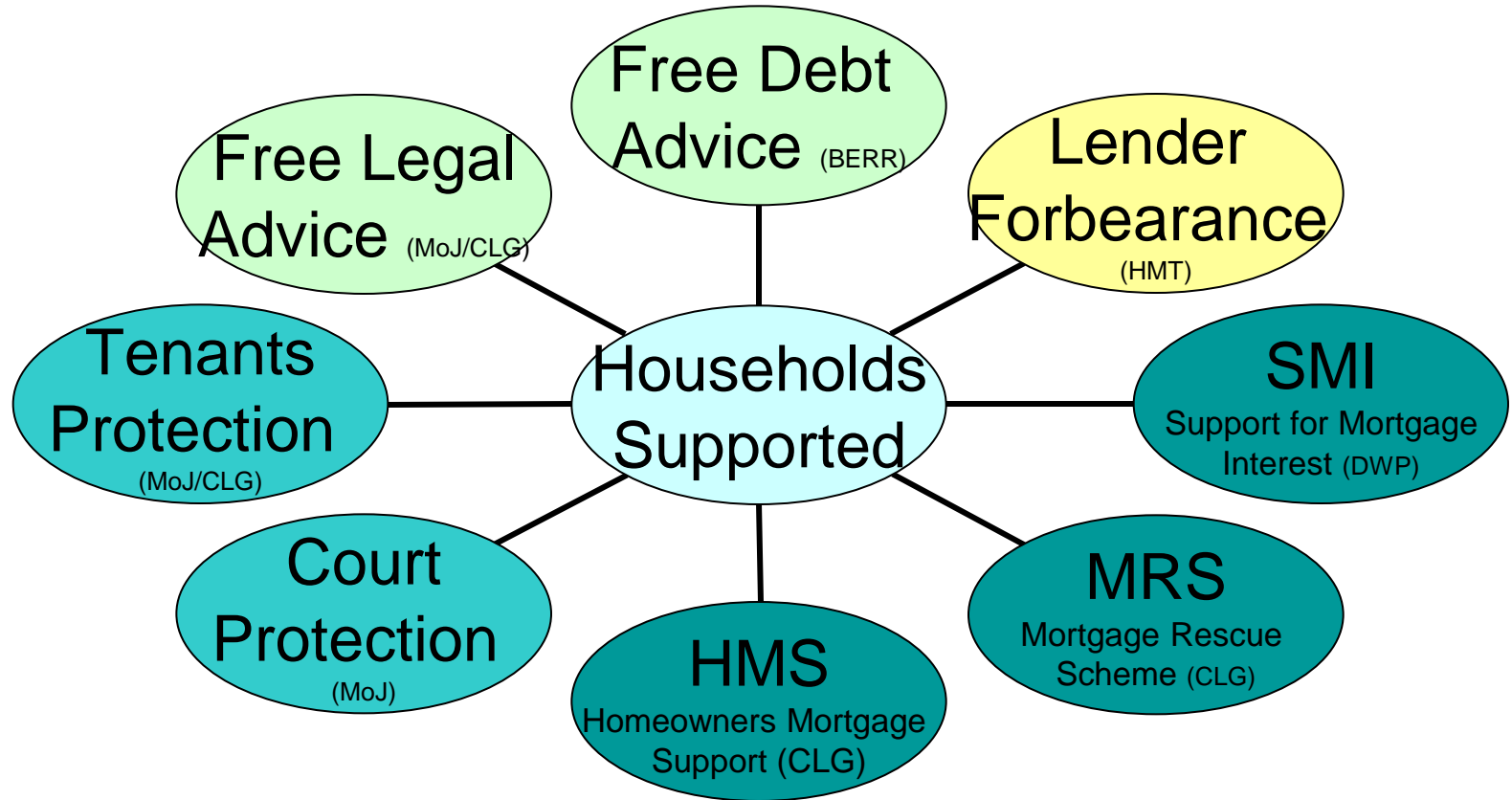
## Protection for tenants

- Private sector tenants facing eviction at short notice as a result of landlord repossession;
- Intend to legislate to provide tenants with two months notice; will be consulting in the summer;
- In the meantime, encouraging lenders to adopt this as good practice;
- Crucial Local Authority role to help tenants use the two-month window to find suitable housing options.

- In addition to:
- Protection through the courts - introduction of the **mortgage pre-action protocol** in November 2008;
- FSA Regulation - the major mortgage lenders have committed not to take possession action for at least 3 months after a borrower enters arrears (some 6 months);
- Economic stability – continuing low interest rates and supporting mortgage lending.



# A Comprehensive Package of Support



- Priority should be given to offering, and co-ordinating the cases going through, the Mortgage Rescue Scheme.
- Step up your support for those at risk of repossession and eviction to help them stay in their home or find alternative housing:
  - ensure frontline staff are aware of the full package of help available, be able to sign-post households towards Government support;
  - support households to reach an agreement with their lender, encourage them to seek debt advice and attend court;
  - identify and target those may be facing mortgage difficulties in your area (e.g. if a large employer closes).
- Communicate and promote the package of support available locally.
- Co-ordinate local services (e.g. court desk service, Job Centre Plus) to avoid households 'falling through a gap'.

[www.direct.gov.uk/mortgagehelp](http://www.direct.gov.uk/mortgagehelp)

[www.nhas.org.uk/publications\\_events.htm](http://www.nhas.org.uk/publications_events.htm)

[www.communities.gov.uk/housing/buyingselling/](http://www.communities.gov.uk/housing/buyingselling/)

[HomeownerMortgageSup@communities.gsi.gov.uk](mailto:HomeownerMortgageSup@communities.gsi.gov.uk)