

How to manage your mortgage in a recession

Help is at hand if you are having problems paying your mortgage. The Vanderpump & Sykes Litigation department highlights where to go and how legal advice can assist

The Council of Mortgage Lenders has recently issued a statement anticipating some 75,000 homes will be repossessed in 2009.

Aimed at stabilising those numbers, the Income Support for Mortgage Interest (ISMI) system is already in effect and is designed to assist those who are struggling to keep up with interest repayments on their mortgage. The key features of ISMI are:

1. The waiting period to claim ISMI has been shortened from 29 to 13 weeks.
2. ISMI may be available to anyone on Income Support, pension credits or income-based JSA.
3. It is subject to a new maximum mortgage value of £175,000.

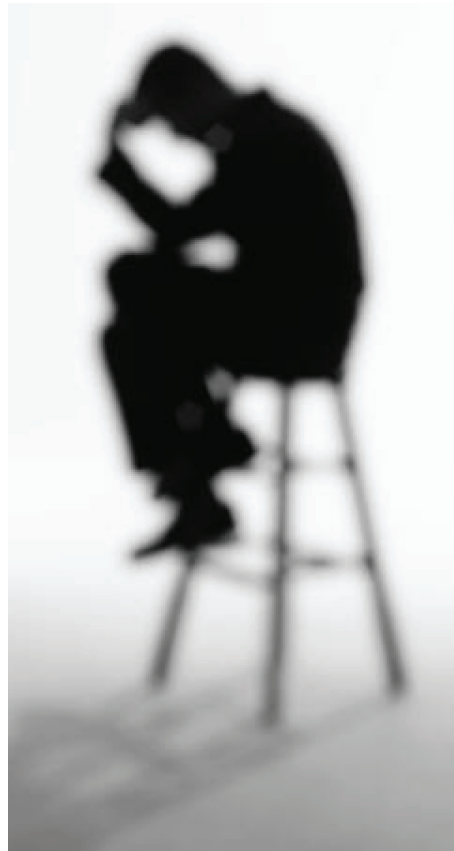
In addition, new guidelines for dealing with mortgage arrears have been hurriedly implemented, designed to render repossession claims the last resort. Although the guidelines are not law, the courts will look at the extent to which borrowers and lenders have complied with them when making orders in subsequent possession claims.

Lenders should refer borrowers to advice agencies, and should not start a possession claim while the parties are negotiating. If agreement is reached and a borrower defaults, the lender should give 15 days notice of its intention to bring the repossession claim.

Act Quickly

If you are having problems paying your mortgage then seek legal advice at an early stage.

As soon as you foresee problems with paying your mortgage, consider the following:



- ◆ Contact your lender. UK mortgage lenders are required to treat you fairly and to help you to prepare a plan which is practical in your circumstances.
- ◆ Be ready to present a plan by which arrears on the loan will be repaid and the

REPOSSESSION: FACTS & FIGURES

Repossessions in 2006: **17,000**
 Repossessions in 2007: **27,100**
 Repossession orders in 3rd quarter of 2008: **11,300**
 Estimated repossessions in 2009: **75,000**

Source: Council of Mortgage Lenders & Ministry of Justice

account brought back within terms within a reasonable period.

- ◆ Pay as much as you can and offer to make payments towards the arrears over a period of time. Keep your lender informed.

If you do end up in court

The court can give you time to pay by reducing payments, extending the term of the loan and even reducing the interest rate. These are called Time Orders and you should ask for one if you have to go to court. Your chances of getting a Time Order will be greater if you have tried to resolve the matter and been open with the lender. If it comes to a court hearing, treat the paperwork and proceedings with respect and comply with all time limits.

- ◆ We can offer advice and assistance if you fear you will be faced with proceedings against you related to indebtedness. Contact the Litigation department on 020 8370 2898 for further information.



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