

Policy 23 Loan Interest

Owner: ILF Scotland

Subject: Loan Interest

Version: 1.0

Last Amended: 1 July 2015

Date Reviewed:

Next Review: 1 May 2015

1.0 Background

ILFS will carry out a financial assessment for those users who are not in receipt of Income Support, Income Based Jobseekers Allowance, Income Related Employment and Support Allowance or Pension Guarantee Credit.

This financial assessment determines whether a person is financially eligible to receive an ILF award and at the same time works out the amount of the contribution (if any) that the person will be expected to pay towards their care costs.

Within this assessment ILFS will make an allowance for the interest payable on certain loans for disability related work to the person's home.

2.0 Policy 2.1 Allowable loans

An allowance may be made for the interest on a loan taken out for a disability related improvement, adaptation or extension of the persons home.

The work must be:

- Carried out at the persons home and
- Disability related, e.g. the installation of a new kitchen to allow access to worktops or units or the installation of new doors to allow wheelchair access.

Loans for any other purpose, such as general improvements or building work, are not allowable.

All types of loan can be considered as long as there is a formal agreement. These can include mortgages, bank loans, credit agreements, hire purchase agreements and formal family loans.

Informal loan agreements are not allowable.

2.2 Interest Allowable Income

ILFS will allow interest at the Standard Interest Rate in force at the time of the assessment. From the 1 October 2010 the SIR is based on the average mortgage rate published by the Bank of England. A change in the SIR will only be triggered when the Bank of England's published average mortgage rate differs by 0.5% or more from the current SIR.

The current allowable interest rate is 3.63%.

This rate will be applied in all relevant ILF assessments. It applies regardless of the rate of interest actually payable under the loan agreement.

3.0 Source

4.0 History Date Reviewed

This policy will be reviewed at least annually, as necessary.

July 2015