

Policy 28 Mortgage Payments

Owner: ILF Scotland

Subject: Mortgage Payments

Version: 1.0

Last Amended: 1 July 2015

Date Reviewed:

Next Review: 1 May 2015

1.0 Background

When completing a Notional Assessment in regard to Available Income the ILFS gives regard to certain essential housing related costs including mortgage payments.

2.0 Policy

When assessing a user's housing costs, ILFS will allow the full amount of any Repayment or Endowment Mortgage to be included. For Endowment mortgages this includes all elements of the endowment policy.

ILFS will also allow the cost of Life Insurance that is directly linked to an endowment mortgage to be included as a housing expense.

The funds will allow for the cost of Mortgage Protection Payments that a user may make to protect their repayments during times of illness and unemployment to be included as an essential housing cost.

If circumstances arise where a mortgage protection policy is activated due to a change in the user's circumstances ILFS will not allow the mortgage payments to continue to form part of the individuals housing costs. This is because due to the users mortgage protection plan the insurance company and not the user will make the payment.

There may be circumstances where a user has such a policy to protect just a proportion of their mortgage. If the policy is activated the funds will only allow the net cost of the mortgage payments incurred by the user to be included as a housing cost.

Other types of insurance such as buildings and contents etc will not be accepted as part of the users housing costs.

If it is discovered that a user has not informed ILFS of a change in their mortgage arrangements causing an overpayment of the grant to occur, this should be referred to the ILFS senior management team.

3.0 Procedure

When collecting information for the purposes of a Notional Assessment it will be necessary for the following facts to be established/issues to be considered:

- The mortgage figure should be provided exclusive of any buildings and contents insurance policies but should include both the 'endowment' and 'interest' parts of an endowment mortgage. The figure provided will already include the endowment life insurance costs
- Is a mortgage protection plan in place to protect against illness or unemployment? If so how much does this cost per week?
- Is the mortgage currently being paid by the individual or their partner or are costs being covered by the activation of a mortgage protection plan? (I.e. an insurance company)

Where a user discloses that their mortgage costs are being covered by a protection policy no figure should be included within the Notional Assessment. In these circumstances it will be necessary to include information within the offer letter explaining that the mortgage payments have not been included within the financial assessment.

The user should also be informed that once the Insurance company stops paying for the mortgage and the user resumes the payments they should notify the funds so payments can be amended.

4.0 Source

5.0 Cross References

Available Income policy

6.0 History Date Reviewed

1 July 2015