

Policy 23 Loan Interest

Version: 2.0

Last Amended: 31 March 2021

Next Review Date: 31 March 2022

1.0 Background

ILF Scotland will carry out a financial assessment for those recipients who are not in receipt of Universal Credit, 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 Scotland 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 support costs.

Within this assessment, ILF Scotland 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, provided there is a formal agreement. This includes mortgages, bank loans, credit agreements, hire purchase agreements and formal family loans. Informal loan agreements are not allowable.

2.2 Interest Allowable Income

ILF Scotland 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.

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

3.0 History Date Reviewed

Version 1: 1 July 2015