

Policy 28 Mortgage Payments

Version: 2.0

Last Amended: 31 March 2021

Next Review Date: 31 March 2022

1.0 Background

When completing a Notional Assessment concerning Available Income, ILF Scotland considers certain essential housing related costs including mortgage payments.

2.0 Policy

When assessing a recipient's housing costs, ILF Scotland 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.

ILF Scotland 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 recipient 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 a recipient's circumstances, ILF Scotland will not allow the mortgage payments to continue to form part of the individual's housing costs. This is because the insurance company related to the recipient's mortgage protection plan will make the payment.

There may be circumstances where a recipient's mortgage protection policy covers a proportion of their mortgage only. In this case, the funds will only allow the net cost of the mortgage payments incurred by the recipient to be included as a housing cost.

Other types of insurance such as buildings and contents etc. will not be accepted as part of a recipient's housing costs.

If it is discovered that a recipient has not informed ILF Scotland of a change in their mortgage arrangements causing an overpayment of ILF Scotland funding, this should be referred to ILF Scotland's Management Team.

3.0 Procedure

When collecting information for the purposes of a Notional Assessment, the following must be established / 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 individual or their partner paying the mortgage currently or are costs being covered by the activation of a mortgage protection plan? i.e. an insurance company

Where a recipient 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 recipient should also be informed that once the Insurance company stops paying for the mortgage and the recipient resumes the payments, they should notify ILF Scotland so that payments can be amended.

4.0 Cross References

Policy 4: Available Income

5.0 History Date Reviewed

Version 1: 1 July 2015