Help with housing costs

This information sheet

• is for claimants getting Income Support, Jobseeker’s Allowance or Employment and Support Allowance
• gives information about the help available for owner occupiers who have housing costs.

Important

This information sheet gives general guidance only and should not be treated as a complete and authoritative statement of the law.
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**How to claim – see page 11**

This information sheet explains the help you can get with housing costs if you get Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance.

It also gives general guidance for claimants in receipt of contribution-based Jobseeker’s Allowance and contribution-based Employment and Support Allowance.
If you are unemployed or unable to work

If you are unemployed or unable to work remember that:

• you are responsible for your housing costs and your home is at risk if you do not keep up repayments on your mortgage or any loan secured on your home

• your lender, your insurer or Jobcentre Plus may be able to provide help or advice if you are unable to pay your housing costs.

What you should do

You should tell your lender as soon as your financial circumstances change or you get into difficulties with your mortgage payments.

If you:

• have made a temporary agreement with your lender to help you through a difficult period you must abide by it. If you find you can no longer meet the arrangements you must inform your lender immediately

• have an insurance policy you should contact your insurer immediately. Your insurer will expect you to provide evidence that you are unable to work. You should check with your insurer what evidence they require. You should keep any letters you receive from Jobcentre Plus as your insurer may need to see them
are unable to work you should seek advice from Jobcentre Plus. You may be entitled to help with your housing costs. This information sheet explains what help may be available.

Most people who are entitled to Income Support, Jobseeker’s Allowance or Employment and Support Allowance will not get help with housing costs for a 13-week period at the start of their claim. We call this the qualifying period.

Tell Jobcentre Plus immediately of any change in your circumstances which may affect your entitlement to benefit.

Help you could get

Help from your lender

Your lender needs to know as soon as you get into difficulty with your mortgage payments. They will be able to:

• give you advice if you have problems making payments, and
• explain what arrangements can be considered to help you deal with short-term difficulties.
Help from your insurer

Your insurer will consider your claim on an Insurance Policy if you become unemployed or sick. You must make this claim immediately.

They can help you with any questions you may have about the terms and the operation of your insurance policy.

Your insurer will require proof that you are unemployed or sick. To do this if you are unemployed, you must continue to sign-on and provide your insurer with any evidence they require that you are actively seeking work. If you are sick you should obtain medical statements and your insurer may request that you take part in an independent medical examination. You must provide the evidence required even if you are not entitled to any benefit. If you do not your insurer may not be able to meet your claim.

*Medical statements* are also known as medical certificates, doctor’s statements or sick notes.

Help towards mortgage repayments

Mortgage Rescue schemes are sometimes available. Contact your local council for further information.
Help from Jobcentre Plus

Jobcentre Plus may be able to provide some help with housing costs. For most people under the age when they can get Pension Credit there is a qualifying period before help with housing costs can be given.

You will receive help towards housing costs from the first day you become entitled to benefit if:

• you, or your partner, have reached the age when you can get Pension Credit
• you are a Crown Tenant, a member of a co-ownership scheme or you live in a tent.

In most other cases, you will receive help from week 14 of your claim.

We use partner to mean

• a person you live with who is your husband, wife or civil partner, or
• a person you live with as if you are a married couple.

You may be able to get help with the following housing costs:

• mortgage interest payments
• interest payments under a hire purchase agreement to buy your own home
• payments of rent or ground rent relating to a long tenancy
• certain service charges
• payments of rentcharge within the meaning of the Rentcharges Act. Rentcharges are rents that are paid by some freeholders under the conditions by which they own their freehold.

**No help is available for equity release products including those known as Lifetime Mortgages.**

**Repairs and improvements**

Jobcentre Plus can help with interest on loans for repairs to your home to maintain its suitability for occupation, including interest on a loan for any service charge imposed for such costs. Help may only be available if the loan was taken out for one of the following reasons and was necessary to make your home fit for human habitation:

• provision of a fixed bath, shower, wash basin, sink or lavatory, and necessary associated plumbing, including the provision of hot water not connected to a central heating system
• repairs to existing heating systems
• damp proof measures
• provision of ventilation and natural lighting
• provision of drainage facilities
• provision of facilities for preparing and cooking food
• provision of insulation of the dwelling occupied as the home
• provision of electric lighting and sockets
• provision of storage facilities for fuel or refuse
• repairs of unsafe structural defects
• adapting a dwelling for the special needs of a disabled person, or
• provision of separate sleeping accommodation for persons of different sexes aged 10 or over but under 20 who live with the claimant and for whom the claimant or partner are responsible.

Other charges

Jobcentre Plus can also help with certain other housing costs. The 13 week qualifying period does not apply to these other housing costs.

These other charges are:
• payments under a co-ownership scheme
• rent for Crown tenants
• the housing costs of people who live in tents.

If you are not sure if your current housing costs are included in either of the above lists, ask at Jobcentre Plus.

The staff cannot give guarantees or assurances about what future housing costs can be allowed but they can give general advice.
**Why your housing costs may not be met in full**

Your housing costs may not be met in full if your loan is greater than the upper limit for your circumstances, except if you have borrowed more to adapt your home for a disabled person who is living with you. The upper limit increased on 5 January 2009 from £100,000 to £200,000 for most new claimants and some existing claimants.

Other reasons why your housing costs may not be met in full are if:

- you have taken out a loan for a purpose other than house purchase or eligible repairs or improvements
- your home is much bigger than you need or in a very expensive area
- you have taken out a loan while you are receiving Income Support, income-based Jobseeker’s Allowance, income-related Employment and Support Allowance or Pension Credit although some people who were refused help may now be able to get it
- you have gone from renting your home to buying it and your housing costs have increased
- there are other people living in your house who we assume are paying some money towards your housing costs.
**Income from an insurance policy**

The following income from an insurance policy is ignored when we work out how much benefit you can get.

Any income that is used:

- to meet the premium that is due on the insurance policy itself
- to meet interest payments that your benefit cannot meet during the qualifying period
- for the repayment of capital or for the payment of the premiums on an endowment policy or PEP
- to meet buildings insurance premiums
- for other charges that cannot be met.

Any other income from an insurance policy is offset against your benefit.

You must tell Jobcentre Plus of any income from insurance policies regardless of what the policy covers. This applies even if the policy is linked to a loan that your benefit cannot help with.
How to claim

To get help with your housing costs you must first claim Income Support, Jobseeker’s Allowance or Employment and Support Allowance.

We will ask for details of your housing costs on form MI12, just before we can consider paying them. We will send you form MI12 about 4 weeks before your qualifying period ends.

When you receive form MI12, complete Parts 1 to 6 and send it immediately to your building society, bank or other lender from whom you obtained your mortgage or loan.

Your lender will complete the rest of form MI12 and return it to us. We will use the information provided by your lender to work out your housing costs.

Remember, if you delay sending form MI12 to your lender your benefit may be affected.
How interest payments are worked out

In most cases your eligible mortgage interest will be worked out using:

- the balance outstanding of the eligible amount of your mortgage or loan, less any arrears, and
- the standard rate of interest set by Parliament. You can view the standard Interest Rate (SIR) by visiting www.gov.uk and reading Getting help with your mortgage interest payments.

The amount of eligible mortgage interest is worked out by multiplying the amount of your loan that we can allow by the standard rate. This amount is then divided by 52 to give a weekly figure.

On 1 October 2010 the standard interest rate was set at a level equal to the Bank of England’s published monthly average mortgage interest rate. The rate was 3.63%. Future changes to the rate will be made when the Bank of England’s published average mortgage interest rate changes by plus or minus 0.5%.
Example

A person has a mortgage of £80,000 and the standard rate is 3.63%.

Annual interest

\[ £80,000 \times 3.63\% = £2,904.00 \]

Weekly amount payable

\[ £2,904.00 \div 52 = £55.85 \]

Where housing costs are paid direct to a lender they are credited to the mortgage account and cannot be used for any other purpose.

The lender’s own interest rate is not used to calculate your housing costs.

As your housing costs are worked out using the standard rate, the letter sent to you will tell you that you do not need to report any changes in interest rates. You must still report other changes which may affect your housing costs, such as changes in a non-dependant’s circumstances, and any other changes which may affect your entitlement to benefit.

If you do not report such a change, your benefit may be affected.
Managed payments to mortgage lenders

Managed payments to mortgage lenders allows your housing costs to be paid direct to your lender. Once a year, lenders are invited to participate. Only lenders who participate can receive direct payments. Customers of non-participating lenders receive their mortgage interest along with the rest of their benefit. It is the responsibility of these customers to pay this directly to their lender.

Direct payments of mortgage interest are made every 4 weeks in arrears to the lender. This means that, in a full year, 13 payments are made instead of the usual 12 monthly payments. Your mortgage or loan should not go into arrears simply because of these different arrangements. We will tell you when these deductions from your benefit will begin. We will also tell your lender the amount that will be paid, the date from which it will be paid and confirm the number of the account that it will be paid into. If you are notified that arrears are mounting up, contact your lender immediately.

Only mortgages taken out to purchase the home or for specific loans for repairs and improvements are covered by this scheme. For all other types of loan customers must continue with their own arrangements with the lender.
If you have other income which reduces your entitlement to benefit, we may not be able to pay all the mortgage interest that is due to the lender. In this case, contact your lender about the balance immediately.

If you are in arrears

You cannot get help with the interest charged on any arrears.

If your account falls into arrears for any reason, contact your lender immediately to make arrangements for paying them.

If you are in difficulties with your mortgage repayments then, rather than risk losing your home, you must talk to your mortgage lender and explain your circumstances.

Your mortgage lender may be able to help. You may also find it helpful to seek advice from a Citizens Advice Bureau, Law Centre or other advice centre.

You should note that your mortgage lender cannot repossess your home without your agreement unless a Court Order has been obtained. If you have received a possession summons, it is in your interests to attend the Court hearing so that you can then give the Court information about your income and liabilities.
This will allow the Court to decide whether or not to suspend the possession order on the grounds that you are willing and able to repay the arrears over a reasonable period. The decision on what is a reasonable period is entirely a matter for the Court.

In Scotland, repossession proceedings usually commence by service of a calling up notice or notice of default, leading to an action for recovery of heritable property. It is important that you act immediately on receipt of any notice, summons or summary application, or on warning that any of these steps will be taken. As stated above, it is important that you attend or be represented at any court hearing so that the court is made aware of your circumstances.

Breaks in your claim

12 week linking periods

If there is a break in your claim of 12 weeks or less, you will not have to start a new qualifying period. We treat your new claim as a continuation of your previous claim. We call this a linking period.

If you finished your qualifying period before the break, you will not have to serve another. If the break in your claim happens during your qualifying period, it will not affect the date the qualifying period ends.
Longer linking periods

In some cases you can have breaks in claim of longer than 12 weeks without having to serve another qualifying period on your new claim.

For breaks of 26 weeks and 52 weeks, you must have been getting help towards housing costs on your previous claim.

The break in your claim can be up to 26 weeks if you cannot get any more help from an insurance policy because it has already paid out your full entitlement.

The break in your claim can be up to 52 weeks if your claim ended because:

- you started full-time work (16 hours a week or more for you, or 24 hours per week or more for your partner), or
- you left benefit to take part in a Work Programme, an Employment Zone scheme, or a prescribed government scheme.

In the following case, you don’t need to have had housing costs on your earlier claim.

The break in your claim can be up to 104 weeks if:

- you were incapable of work for more than 196 days before taking up full-time work, and
- you re-claim benefit because you are again incapable of work.
Mortgage interest run on

You can get help with your housing costs, which include:

• mortgage interest payments
• ground rent, and
• certain service charges

for an extra 4 weeks if your benefit stops because of full-time work (16 hours a week for you, 24 hours per week for your partner). There is no need to make a claim for this.

You may be eligible to receive the mortgage interest run on if you or your partner have:

• started full-time work that you expect to last for 5 weeks or more.
• increased hours of current work to 16 or 24 hours respectively
• been getting benefit for at least 26 weeks or more continuously
• been getting help with your housing costs and still have to make these payments when you start work.

If all of these statements apply to you, you may be eligible for the mortgage interest run on.

However, any period of mortgage interest run on will end immediately once you or your partner have Pension Credit entitlement.

For further information, please contact Jobcentre Plus.
When help will stop

Mortgage interest payments will be paid for a maximum of 2 years to Jobseeker’s Allowance claimants who are paid under new rules from 5 January 2009.

**Important**
This 2 year limit does not apply to people claiming Income Support or income-related Employment and Support Allowance.
Nor does it apply to claimants who claim Jobseeker’s Allowance within 12 weeks of ending a claim to Income Support or income-related Employment and Support Allowance.
If you are not entitled to benefit

You can only receive help with housing costs if you get Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance.

If you are not entitled to any of these benefits, for example because of the amount of income or capital you have, you may become entitled once the qualifying period has been served and your housing costs are included. This will normally be 13 weeks later.

If so, we will send you a letter, telling you to make another claim and when to make it. We will not remind you to reclaim.

You need to meet the basic conditions for benefit during your qualifying period for housing costs. This means that you should still sign on or provide medical evidence even if you do not receive any benefit.
If you are entitled to contributory benefit only

Although housing costs are not payable as part of contributory benefits, you may become entitled to Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance once your housing costs are included.

Any time you spend on contributory benefit may count towards your 13-week qualifying period for housing costs.

If you are not sure about whether you will qualify for housing costs after the qualifying period, check with Jobcentre Plus.
Useful contacts

If you have any questions, contact:
• Jobcentre Plus, about benefits
• your insurer, about insurance payments
• your lender, about mortgage payments.

If you are not happy with the treatment you receive:
• contact Jobcentre Plus, or
• complain about your insurer or lender to the Financial Ombudsman Service
  South Quay Plaza
  183 Marsh Wall
  London
  E14 9SR
  complaint.info@financial-ombudsman.org.uk

There is more information and advice about mortgages on the Money Advice Service website at www.moneyadviceservice.org.uk
Further information and advice

If you and your partner have reached the minimum age or over, you may be entitled to Pension Credit.

To find out more about Pension Credit, ask for a leaflet about Pension Credit from Jobcentre Plus or a pension centre. Or visit www.gov.uk/pension-credit

To find out more about Income Support, ask for a leaflet about Income Support from Jobcentre Plus. Or visit www.gov.uk/income-support

To find out more about Council Tax, ask for a leaflet about help with housing costs from Jobcentre Plus. Or visit www.gov.uk/council-tax

To find out more about other social security benefits, visit www.gov.uk/browse/benefits