

The Bank of England changed the base rate on 19 March 2020

What is the Bank of England Base Rate and what change has the Bank of England made?

The Bank of England Base Rate is the official interest rate set by the Bank of England's Monetary Policy Committee. As an emergency measure, on the 19 March 2020, the decision was made to decrease the base rate from 0.25% to 0.1%.

Does this change affect me?

If you have a mortgage product that is linked to the Bank of England base rate, such as a base rate tracker or a Standard Variable Rate mortgage product, then your contractual monthly payments will change, and we will write to you to confirm this.

When will my interest rate decrease and what will my new payment be?

The changes to the interest rate will take effect on 01 April 2020. We will write to affected customers, letting you know the changes to your mortgage interest rate and the monthly payment amount.

I haven't heard anything from you, is my mortgage payment going to change?

We will be writing to all affected customers to make them aware of their new required monthly payments using the contact details that we hold. It's important that we hold the correct contact details for you, so if these have changed please let us know.

Why have I received more than one letter for the same mortgage?

You may receive more than one letter from us if your mortgage has different parts which are on different mortgage products, often caused by taking out further borrowing in the past. This is because we calculate the new payment for each product separately, which may result in more than one letter being sent to you.

What has happened to my overpayments?

If you can afford to, continuing to make overpayments could be worthwhile. However, if you want to stop making overpayments, please let us know.

How have you worked out my new monthly payment?

If you have a repayment mortgage: The monthly mortgage payment is based on the outstanding balance, remaining mortgage term and the mortgage interest rate. Should you have an arrears and / or fees balance, these will not be included in the calculation of your new payment. You will need to make additional payments in excess of your normal monthly instalment. It is your responsibility to ensure that any arrears and / or fees balances including interest is paid within the remaining term of your loan.

You have the option to pay these in part or in full at any time if you are up to date with your monthly instalments.

If you have an interest only mortgage: The monthly mortgage payment is based on your outstanding balance and new rate, although your payments will only pay off the interest due and won't reduce the amount you owe.

Any arrears and / or fees and charges (e.g. outstanding ground rent/service charges) which have been added to your loan will not be included in the recalculation of your monthly payment. It is your responsibility to ensure that any arrears and / or fees balances including interest is paid within the remaining term of your loan, or they will remain due at the end of your mortgage term, alongside your outstanding balance.

If you have an arrangement or agreed overpayment in place:

If you are currently paying an amount which is different to your normal monthly payment, it could be worthwhile continuing to make this payment if you can afford to. If you are unable to continue to make your overpayment or the agreed arrangement, please contact us to discuss the appropriate options that are available.

What has happened to my overpayments?

Any overpayments that you have made have been paid off the amount that you owe but does not alter the remaining term. The new monthly payment has been calculated on the reduced balance. If, however you are making overpayments towards your arrears and / or fees balances these will not be included in your new monthly payment. It is your responsibility to ensure that any arrears and / or fees balances including interest is paid within the remaining term of your loan.

You have the option to pay these in part or in full at any time if you are up to date with your monthly instalments.

If you have a Flexible mortgage, these overpayments may still be available to withdraw subject to the criteria at the time.

If I've been making overpayments, can these be used to reduce my new monthly payments?

Any overpayments that you have already made may have been included in the calculation, so the new required monthly payment has already taken these into account.

I've been making overpayments; will these continue automatically?

If you pay by standing order or direct debit and wish to continue overpaying, then you do not need to make any changes. The new contractual monthly payment will be outlined in your letter, so any overpayment you make will be in addition to this.

If your mortgage account is in arrears or has a payment shortfall:

The new contractual monthly payment doesn't include repayment of any arrears or payment shortfalls, this will have to be paid off separately. Please contact us to discuss options available to you.

I can't afford my monthly payment, what can I do?

If, under any circumstances you cannot afford your monthly payment, the sooner you talk to us, the sooner we can try and agree alternative arrangements that are appropriate to your circumstances. We really do want to help where possible.

I have an Arrangement to Pay (ATP) in place in relation to outstanding mortgage shortfalls, will it continue?

All ATPs will be reviewed on a case-by-case basis by our Specialist Servicing team. Please contact us if you would like us to review this. We will work with you to agree any new arrangements that are appropriate to your circumstances.

I currently make extra payments to clear the ground rent/service charges that were added to my mortgage account, will these continue automatically?

No, previously agreed arrangements to repay any fees and charges applied to your mortgage should be reassessed to ensure that they are repaid by the end of your mortgage. Please contact us to discuss this.

Where can I get free independent money advice?

There are many organisations which offer free independent money advice. Their debt advisors can assess your situation and devise the best course of action for you. Some sources are:

Citizens Advice: www.adviceguide.org.uk Consumer Credit Counselling Service (CCCS): www.cccs.co.uk National Debtline: www.nationaldebtline.co.uk Payplan: www.payplan.com National Homelessness Advice Centre: www.nhas.org.uk