

CORONAVIRUS UPDATE BANKS & LENDERS

HOW CAN BLUE-PEAK HELP?

We know this is a worrying time for businesses with the impact of Coronavirus still unknown. If you have any questions in relation to your personal or business circumstances please get in touch with your usual Blue Peak contact or call us on 0118 321 9151

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Highlights

- *Three-month payment holidays have been announced for customers who are up to date with their mortgage payments and to all buy-to-let landlords whose tenants are struggling because of Covid-19. It also includes those paying Help to Buy interest.*
- *Landlords encouraged to pass on the relief to their tenants*
- *New Evictions will be banned for those started during the coronavirus crisis and landlords are being told to work with tenants on affordable repayment plans.*
- *Lenders will suspend all possession orders and not commence any court action.*

In Detail - Mortgage payment holiday

A payment holiday will be available to all customers who are up to date on their mortgage payments. A payment holiday will also be available to all buy-to-let landlords whose tenants have lost income because of the impact of Covid-19. Landlords are expected to pass on this relief to their tenants to ensure that they are supported during this time.

Customers will still owe the money where a payment holiday has been granted, and interest will still accrue, so if borrowers are able to make part of the normal mortgage payment to reduce the money owed or interest charges then they should consider doing so.

Firms will make every effort to ensure that the payment holiday does not negatively impact on borrower credit files.

If already in arrears, borrowers should contact the lender as soon as possible. Lenders will review any change in circumstances to ensure that payments remain sustainable.

If borrowers are already experiencing financial difficulty, lenders have also agreed a three month moratorium on residential and buy-to-let possession action, meaning that no homes will be repossessed at this difficult time.

Lloyds Banking Group, NatWest, Nationwide and Barclays have pledged not to charge borrowers fees on missed mortgage payments. In addition all have confirmed that taking a payment holiday will not leave a black mark on borrowers' credit profiles.

To action this please contact your lender directly.

In Detail - Eviction Ban

A joint statement from trade bodies UK Finance and the Building Societies Association (BSA) set out how the operation to pause possessions will work:

- Lenders will suspend all possession orders
- Lenders will not commence any court action, including putting the case to court or instructing on matters
- Lenders are able to issue a formal demand, so that the customer is aware of the money they owe and are informed that the case will eventually go to possession proceedings
- This letter is valid for eight weeks, but firms will agree not to take any further steps until the end of the 90-day period
- There are exceptions for empty properties or where the customer wants the possession to go ahead
- In buy-to-let, lenders would still use a Receiver of Rent where appropriate but would not move to possession if the tenant could not pay

Information websites

<https://www.gov.uk/coronavirus>

<https://www.nhs.uk/conditions/coronavirus-covid-19/>

<https://www.ukfinance.org.uk/covid-19>

All of the above information has been received from UK banks / lenders, UK financial bodies and the UK government.