

Universal credit: help with your mortgage

This factsheet is the third in a series on universal credit.

In this factsheet we look at the support available to homeowners who are struggling to pay their mortgages.

You can get a government loan to help pay your mortgage if you are a homeowner and claim universal credit (UC). This help is called support for mortgage interest (SMI). As it is a loan and not a benefit, it must be repaid.

Get *independent financial advice* to help you decide whether this is a good idea for you. Contact the [Money Advice Service](#) for help finding an independent financial adviser.

You will have to sign a loan agreement to receive any payments.

You will not get any SMI loan payments until nine months after you claim UC.

What you can get a loan for

You can ask for SMI to help to pay:

- your mortgage (including an Islamic mortgage)
- loans secured against your home.

Restrictions on the loan

The government won't pay towards more than £200,000 of your mortgage.

It will pay your lender at the rate of 2.61%, whatever your actual mortgage rate. This may change in future - check [Gov.uk](#) for the current rate.

How to claim help

You will be asked for information about your housing costs when you claim UC. You will be offered an SMI loan if you qualify.

Normally the home owner will apply for an SMI loan, but sometimes a partner or other person living in the property can claim. If you have a partner, s/he may be able to continue getting help if you die.

You can get UC if you are on a low income, but you will not get an SMI loan (or the payments will stop) if you or your partner have any income at all from a job or being self-employed. You will have to wait another nine months if you re-claim UC.

How it is paid

Your SMI payments will usually be paid direct to your lender. If your lender does not accept direct payments, you will receive the SMI in your UC and will then have to pay the lender.

Paying back the money

You are charged interest on the SMI loan payments at the rate of 1.5%. This rate may change in the future. Go to [Gov.uk](#) to find the current rate of interest.

The interest you are charged is 'compound interest'. This means interest is always being added to what you owe, and you pay interest on the cumulative amount. You can pay money back as a lump sum at any time, as long as it's a minimum of £100.

You don't have to repay the loan until you sell your property. The loan is secured against your property so the government will get paid automatically. If there is not enough money to repay all the SMI loan when you sell the government will write off the balance.

The loan may have to be repaid from your estate when you die. If you have a partner, the money will not have to be repaid while they are still alive.

Help with service charges

Your UC may contain an amount to cover any service charges you have to pay. This is payable as part of your monthly universal credit, even if you don't get a loan.

Other options

If you are struggling to pay your mortgage there may be other options apart from an SMI loan, such as increasing your income or negotiating a mortgage holiday with your lender.

It is very important to get advice before signing up for an SMI loan.

You can get free debt advice from:

- [National Debtline](#): 0800 808 4000
- [StepChange](#): 0800 138 1111
- [Debt Advice Foundation](#): 0800 043 40 50

Further advice

You can get further advice from Shelter's free* housing advice helpline (0800 800 4444), a local Shelter advice service or local Citizens Advice office, or by visiting [england.shelter.org.uk/housing_advice](#)

*Calls are free from UK landlines and main mobile networks.



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Note

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