

## Interest Only Mortgages Toolkit

---

### Introduction

The Money Advice Service gives free impartial advice and provides tools, calculators, videos and other resources across a wide range of money topics and life stages to help people make the most of their money.

We have pulled together a snapshot of material we think is relevant to the ‘interest only’ mortgage customer from the extensive range of resources available on the Money Advice Service web site. We hope that the mortgage industry and particularly lenders will find some or all of this useful when they are communicating with their mortgage customers.

Most recently, the [Interest Only Mortgage leaflet](#) has been co-created with the FCA, industry, and the Council of Mortgage Lenders (CML) to help borrowers take steps to ensure the repayment of their interest only mortgage. This can be provided in a variety of sizes making it easy to post to customers.

We continue to develop further resources and welcome suggestions and feedback on what the industry and consumers will find helpful. With an understanding of the different consumer segments we can also ensure that resources are developed and targeted to meet their specific needs.

We are confident that the Money Advice Service in partnership with the FCA, the CML and the mortgage industry can create a set of resources specifically designed to help interest only mortgage customers understand their options – whatever their circumstances.

All resources produced are regularly reviewed and updated to reflect policy changes or developments. I look forward to receiving your feedback

## Contents

Introduction .....	1
Money Advice Service : Homes and Mortgages website pages .....	3
'Interest Only Mortgage' Landing page.....	4
Interest Only Mortgage specific resources.....	4
Ways of repaying an interest only mortgage .....	4
Dealing with an endowment shortfall .....	5
The A5 printed publication – 'Dealing with your mortgage shortfall' .....	5
Interest only mortgage flyer .....	6
Online Action Plans .....	6
Money Advice Service Videos .....	7
Comparison tables.....	8
General Tools .....	8
Printed guides.....	9
Other useful resources .....	9
Life events.....	9
Telephone support.....	10
Face-to-face support .....	10
Syndication.....	10
Contact details for further information.....	10

## Money Advice Service : Homes and Mortgages website pages

The current Homes and Mortgages section is a key area of the web site and one of the most visited. The mortgage calculator is the most popular tool on the site receiving the most visits in 2012.

We have over 40 online articles, 7 mortgage videos, 6 mortgage action plans, a series of printed guides covering a wide range of mortgage and home buying topics. Our mortgage comparison tables, tools and calculators are designed to help consumers make informed choices and plan for a better future. All our mortgage and home buying content is available to support a variety of different campaigns, and can be tailored to meet the needs of specific customer segments, including first time buyers, home movers, remortgages, equity release scheme buyers, buy to let and government backed housing schemes. We cover the many different types of mortgages and repayment options and also provide practical advice on how to deal with mortgages arrears and consumer debt.

All of our content is written in plain English, is unbiased and impartial and regularly updated. Please note that our online articles and tools are also available in Welsh.

You can find our online buying mortgage guides from the [Mortgages and buying property](#) landing page

Search this site  Search

## Mortgages and buying property

Overall buying costs, choosing an affordable mortgage, Right to Buy and first-time buyer schemes, remortgaging, mortgage problems

- Buying property - what can you afford?**
  - Estimate your overall buying and moving costs
  - Should you rent or buy?
  - How much can you afford to borrow?
  - Mortgage calculator
  - First-time buyer money tips
- Understanding mortgages**
  - Mortgages – a beginner's guide
  - Mortgage repayment options
  - Ways of repaying an interest-only mortgage
  - Mortgage interest rates – the different types
  - Action plan - Make an interest-only repayment scheme
- Choosing the right mortgage**
  - Choosing a mortgage – how to get the right deal
  - Keyfacts documents explaining your mortgage
  - Your mortgage comparison checklist
  - Insurance sold with mortgages – shop around first
  - Sharia-law-compliant home purchase plans
- Affordable housing schemes**
  - Help to Buy, HomeBuy, FirstBuy and other affordable housing
  - Right to Buy – England, Wales and Northern Ireland
  - Right to Buy – Scotland
  - NewBuy – deposit help when buying newbuild homes
  - Shared equity or partnership mortgages
- Legal aspects of owning property**
  - Leasehold or freehold – financial implications
- Reviewing or moving your mortgage**
  - Why it pays to review your mortgage regularly
  - Remortgaging to cut costs
  - Increasing your mortgage – getting a further advance
  - Should you pay off your mortgage early?
  - Mortgage payment holidays
- Mortgage problems or arrears**
- Mortgage mis-selling**

## 'Interest Only Mortgage' Landing page

Mortgage providers can link to a dedicated campaign landing page. This will help ensure that customers have easy access to relevant and timely independent information and advice; grouping 'interest only' information together in one place and tailoring content to specific segments improves the customer experience, journey and navigation of the site.

Below is an example of what a landing page for an interest only mortgage could look like:

The screenshot shows the Money Advice Service website. At the top, there is a navigation bar with links for 'Life events', 'Managing your money', 'Money topics', 'Tools & resources', and 'News'. A search bar is located below the navigation. The main heading is 'Mortgage Applications' with a sub-heading 'Personal Information' and 'Other Names'. The main content area is titled 'Interest-only mortgages' and includes a share button, a paragraph of text, and a link 'Take action with your interest-only mortgage now'. There are three columns of content: 'Choosing the right mortgage', 'Reviewing your mortgage', and 'Understanding mortgages'.

## Interest Only Mortgage specific resources

The Money Advice Service already has advice specifically tailored to borrowers with an interest only mortgage which can be targeted at different segments:

## Ways of repaying an interest only mortgage

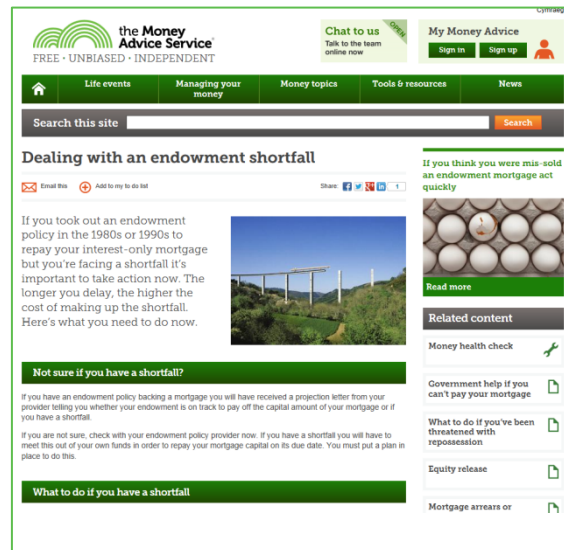
[This guide](#) explains:

- what an interest only mortgage is
- the different types of repayment vehicles
- how to calculate how much you might have to save each month to repay an interest only mortgage by the end of the term
- the importance of regularly reviewing an interest only mortgage, and
- links to 'dealing with an endowment shortfall' and other relevant articles

The screenshot shows the Money Advice Service website. The main heading is 'Ways of repaying an interest-only mortgage'. There is a sub-heading 'Choose the right mortgage using our action plan'. The main content area includes a paragraph of text, a calculator image, and a link 'Read more'. There are three columns of content: 'Interest-only mortgages – an example', 'Types of repayment vehicle', and 'Mortgage interest rates'.

## Dealing with an endowment shortfall

[This guide](#) explains why some endowment mortgage policy holders are facing a shortfall and gives practical advice on what to do. It explains the different options available to consumers and where to go to get more advice.



## The A5 printed publication – ‘Dealing with your mortgage shortfall’

This guide is currently sent by firms to 2.5m endowment mortgage policy holders with their annual policy statement

It provides practical advice and options to help customers get their mortgage back on track and links to tools and calculators to help them do this

The cover features the Money Advice Service logo at the top. The main title is 'Dealing with your mortgage shortfall' in large, bold, blue letters. Below the title is an illustration of a key with a gold ring. At the bottom, there are three bullet points: 'The options available', 'Things to consider', and 'Helping you stay on track'.

### First things to do

#### Key actions for taking control

- 1 Talk to your lender**  
If you know you are heading for a shortfall talk to your lender. There are several options that may be open to you, and these are explained in this guide.
- 2 Work out a budget**  
This will help you see how much extra, if anything, you can afford each month towards the shortfall.  
Use our online **Budget planner**.  
[moneyadviceservice.org.uk/budget](https://moneyadviceservice.org.uk/budget)
- 3 Make a plan**  
If you are relying on your endowment policy or other investments to repay your mortgage and you have a shortfall, work out how you are going to deal with it – for example switching to a repayment mortgage.
- 4 Keep checking you are on track**  
Regularly review any savings, investment or pension plans you have if you are planning to use them to repay your mortgage. Get an up-to-date statement, at least once a year, from your provider.

#### Practical advice

- ➔ Act now. The longer you delay, the higher the cost of making up the shortfall.
- ➔ To help you get your finances back on track use our online tools like our **Mortgage calculator**, and **Money health check**. Visit [moneyadviceservice.org.uk/tools](https://moneyadviceservice.org.uk/tools)
- ➔ Talk to a financial adviser before cashing in your endowment or stopping any other financial plan as a way of raising funds to reduce your mortgage capital – otherwise you could lose out financially.

#### Important

At the end of your mortgage term your mortgage should be paid off. If you can't repay your mortgage when it becomes due you are at risk of losing your home.

## Interest only mortgage flyer

Our new [‘Interest only mortgage’](#) printed flyer is an easy, low cost way of getting key messages across to interest only mortgage customers. It gives practical advice and a simple to follow step by step action plan

It was produced in collaboration with the mortgage industry, the CML and the FCA and is available to all mortgage lenders and can be sent direct to borrowers.

### Take action with your interest-only mortgage now



**If you have an interest-only mortgage it's vital to have a plan to pay it off**

If you don't, you may have to sell your home to repay the mortgage when the term ends. You could also find that you can't move home or remortgage to a cheaper deal if your home has fallen in value, or even lost it to the lender, as some lenders will no longer offer such high loan to property values as they did in the past. Time is of the essence – follow the steps below to get on track.

**If you don't have a plan...**

Act now! Even if you've years away from needing to repay your mortgage, the longer you leave it the fewer options you'll have to get a plan in place and the greater the impact on your budget. You may be able to make changes to your mortgage at any time, even if you're locked into a fixed rate.

Don't forget that it's your responsibility ensuring your chosen repayment plan will cover your mortgage.

Follow these steps:

- 1 Add up any savings you have already - decide if you could release any to reduce the loan. Now contact your lender to ask if you can make overpayments - ask about any fees for doing so.
- 2 Use the Money Advice Service's online budget planner at [moneyadvice.service.org.uk/](http://moneyadvice.service.org.uk/) budget planner to see how much spare cash you have each month.
- 3 Contact your lender and ask about switching to a capital and interest mortgage - this means you will start repaying the original loan. Remember to ask about any fees.
- 4 If your budget is tight, ask about switching to part repayment and part interest only to start with or possibly extending the term of your mortgage to give you extra time to pay more towards the original loan.
- 5 Or speak to a financial adviser to see how much you'd need to start investing now to cover the mortgage by the end of the term - remember the value of investments can rise or fall - you can search for an adviser on the Money Advice Service website - under our guide 'Choosing a financial adviser' or by looking under:
  - [myfocadviser.co.uk](mailto:myfocadviser.co.uk)
  - [unbiased.co.uk](http://unbiased.co.uk)
  - [findanadviser.org](http://findanadviser.org)

**Have a plan already?**

That's great news! However, it's important to check regularly that it's still on track to cover your mortgage. If it's underperforming, the sooner you act, the easier it will be to make up the difference.

Follow these steps:

- 1 Check how many months and years your mortgage has to run.
- 2 Contact your investment provider, fund manager or financial adviser and ask if your investments are on track to repay your mortgage at the end of the mortgage term.
- 3 If they're not, ask for an estimate of how much extra you need to invest in order to have enough to repay your mortgage when it is due to end.
- 4 Now contact your lender to ask if you can make overpayments - ask about any fees for doing so. If allowed, and check with your lender if you will have to pay any early payment charges.
- 5 Use the Money Advice Service's online budget planner to work out how much you can afford each month either to top up your investments or to make overpayments on your mortgage.
- 6 Ask your lender and investment provider/financial adviser to help you choose the best course of action.

➔ Please turn over for the FAQs

## Online Action Plans

These are designed to raise the profile of areas we think consumers should be aware of and help them take control of their finances.

Our [Make an interest-only repayment scheme action plan](#) and [Review an interest-only repayment scheme](#) provide simple steps to help customers get a repayment plan in place and reminds them to review it regularly to stay on track.



The screenshot shows the 'Action plan - Make an interest-only repayment scheme' page. It features a navigation bar with 'Life events', 'Managing your money', 'Money topics', 'Tools & resources', and 'News'. A search bar is present. The main content area includes a 'Read more' button, 'Related content' links for 'Money health check', 'Things to look out for when buying property overseas', 'Mortgages - a beginner's guide', 'Mortgage repayment options', and 'Ways of repaying an...'. A 'Check how much you'll need to repay by when' section is visible, with 'Why?' and 'How?' sub-sections.



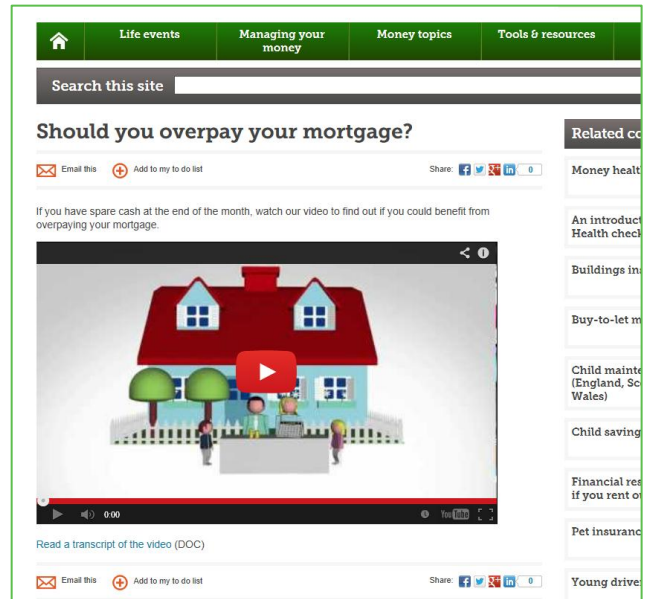
The screenshot shows the 'Action plan - Review an interest-only repayment scheme' page. It features a navigation bar with 'Life events', 'Managing your money', 'Money topics', 'Tools & resources', and 'News'. A search bar is present. The main content area includes a 'Read more' button, 'Related content' links for 'Benefit changes in 2013', 'Money health check', 'Why it pays to review your mortgage regularly', 'Increasing your mortgage - getting a further advance', 'Mortgage payment holidays', and 'Should you pay off your...'. A 'Check the progress of your investments now' section is visible, with 'Why?' and 'How?' sub-sections.

6

## Money Advice Service Videos

We have developed a range of easy to understand videos giving simple guidance on various topics including:

[‘should you overpay your mortgage’](#) this short video highlights the benefits of overpaying, and gives useful examples. This can be targeted at all interest only mortgage customers and particularly those who are intending to ‘overpay’ to make up their shortfall



The screenshot shows a website page with a green navigation bar containing 'Life events', 'Managing your money', 'Money topics', and 'Tools & resources'. A search bar is present below the navigation. The main heading is 'Should you overpay your mortgage?'. Below the heading are options to 'Email this', 'Add to my to do list', and 'Share' with social media icons. A short paragraph of text follows: 'If you have spare cash at the end of the month, watch our video to find out if you could benefit from overpaying your mortgage.' Below this is a video player showing a 3D illustration of a house with a red roof and a play button in the center. The video player has a progress bar at 0:00. Below the video player is a link to 'Read a transcript of the video (DOC)'. At the bottom of the page are more 'Email this', 'Add to my to do list', and 'Share' options. A right-hand sidebar titled 'Related content' lists various topics like 'Money health', 'An introduction to Health checks', 'Buildings insurance', 'Buy-to-let mortgages', 'Child maintenance (England, Scotland, Wales)', 'Child saving', 'Financial resilience if you rent or own', 'Pet insurance', and 'Young drivers'.

And, [‘What is an offset mortgage?’](#) explains the value of this type of mortgage for people with savings, who may be unable or reluctant to make lump sum or regular overpayments. The self-employed for example, often need to set aside money to meet their future tax liabilities. This can be targeted at borrowers who plan to rely on savings to meet any shortfall.

See all our videos here:  
<http://www.moneyadvice.org.uk/videos>



The screenshot shows a website page with a green navigation bar containing 'Life events', 'Managing your money', 'Money topics', and 'Tools & resources'. A search bar is present below the navigation. The main heading is 'What is an Offset Mortgage?'. Below the heading are options to 'Email this', 'Add to my to do list', and 'Share' with social media icons. A short paragraph of text follows: 'Watch this video to find out what an Offset Mortgage is and whether it might be right for you.' Below this is a video player showing a person's silhouette with a thought bubble containing the text 'Offset Mortgage?'. To the right of the person are icons for 'Mortgage' (a house) and 'Savings' (a jar). The video player has a progress bar at 1:50 / 1:50. Below the video player is a link to 'Read a transcript of the video (DOC)'. At the bottom of the page are more 'Email this', 'Add to my to do list', and 'Share' options. A right-hand sidebar titled 'Related content' lists various topics like 'Money health checks', 'Buy-to-let mortgages', 'Buy-to-let mortgages', 'Action plan - Making an interest-only repayment scheme', 'Mortgage interest: the different types', 'Mortgage related costs at a glance', 'Mortgage repayment options', 'Mortgage special offers', and 'Mortgages - a beginner's guide'.



## Comparison tables

Our impartial mortgage comparison tables help people to search for a mortgage. They highlight the total amount payable so that borrowers can more easily and accurately compare the overall cost of different mortgages

See all our comparison tables here:

[www.moneyadvice.org.uk/comparisontables](http://www.moneyadvice.org.uk/comparisontables)

## General Tools

Our website contains many tools and calculators to help people budget more effectively and make the most of the money they have.

The [Budget planner](#) helps people work out how much money is coming in and what they are spending it on. It highlights when someone's spending exceeds their income and explains what can be done to address this.

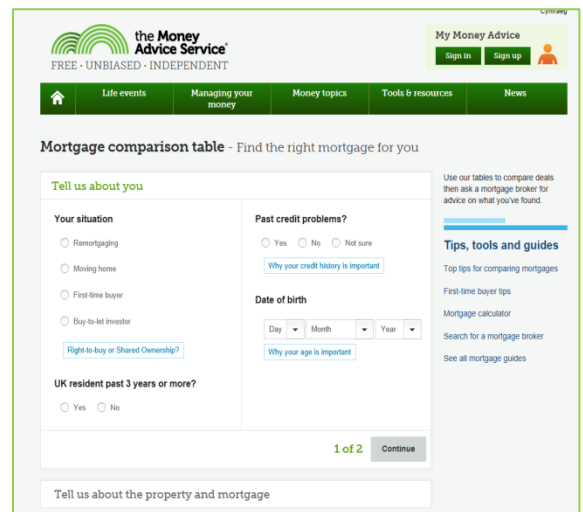
The planner takes account of different sources and frequency of income and expenditure eg weekly, fortnightly, monthly, etc.

The output can be shown as a weekly or monthly budget.

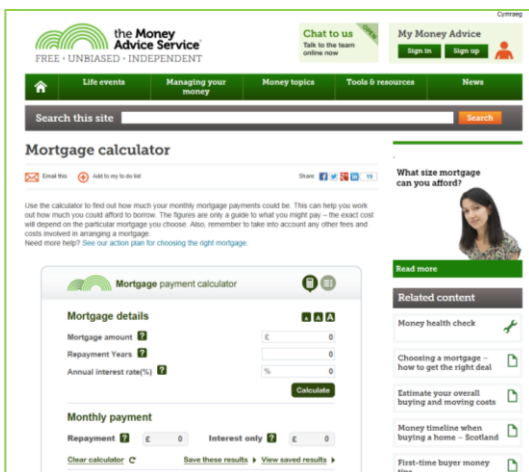
Our [Cut-back calculator](#) helps to identify how to make savings on regular purchases.

The [Money stretcher calculator](#) is designed to help someone work out how to get their money to last over a particular period.

The [mortgage calculator](#) is designed to help borrowers work out the cost of their mortgage repayments and the impact of a rise in interest rates:



The screenshot shows the 'Mortgage comparison table' form on the Money Advice Service website. The form is titled 'Tell us about you' and is divided into several sections: 'Your situation' with radio buttons for 'Remortgaging', 'Moving home', 'First-time buyer', and 'Buy-to-let investor'; 'Past credit problems?' with radio buttons for 'Yes', 'No', and 'Not sure'; and 'Date of birth' with dropdown menus for 'Day', 'Month', and 'Year'. There are also links for 'Right to buy or Shared Ownership?' and 'Why your credit history is important'. At the bottom, there is a section for 'UK resident past 3 years or more?' with 'Yes' and 'No' radio buttons. A 'Continue' button is visible at the bottom right of the form. The website header includes the Money Advice Service logo and navigation links for 'Life events', 'Managing your money', 'Money topics', 'Tools & resources', and 'News'.



The screenshot shows the 'Mortgage payment calculator' on the Money Advice Service website. The calculator is titled 'Mortgage payment calculator' and has a 'Calculate' button. It includes fields for 'Mortgage amount', 'Repayment Years', and 'Annual interest rate (%)'. Below these fields, there are sections for 'Monthly payment' with 'Repayment' and 'Interest only' options, and a 'Clear calculator' button. The page also features a search bar at the top, a 'Chat to us' button, and a 'What size mortgage can you afford?' section with a 'Read more' link. The website header includes the Money Advice Service logo and navigation links for 'Life events', 'Managing your money', 'Money topics', 'Tools & resources', and 'News'.



Our [Debt test](#) will help someone find out how likely they are to have problems with their borrowing. It tells you how you would appear to a credit reference agency.

The full range of calculators can be found here: [www.moneyadvice.org.uk/calculators](http://www.moneyadvice.org.uk/calculators)

## Printed guides

Our range of [free printed guides](#) are available for use and some are sent directly to borrowers by firms.

You can order up to 2,000 at a time, to be delivered within 7 days, free of charge. Use our online order form here:

[www.moneyadvice.org.uk/orderforms](http://www.moneyadvice.org.uk/orderforms)

general information about financial products and services and can help you make informed choices. Our guides are intended for consumers of UK financial services, resident in the UK.

You can download them here or you can order printed copies using our [order forms](#).

- Homes and mortgages
- Pensions and retirement (coming soon)
- Digital only guides

### Homes and mortgages

 Dealing with your mortgage shortfall (April 2013)	 Problems paying your mortgage (April 2013)	 Endowment mortgage complaints (April 2013)	 Equity release schemes (April 2013)
 Endowment mortgage compensation (April 2013)	 Making a mortgage endowment complaint (April 2013)	 Life and rent back schemes (April 2013)	

### Digital only guides

## Other useful resources

In addition to the resources mentioned above, we also have comprehensive advice and information on a wide range of relevant topics including [Managing debt](#), [Borrowing money](#) and [Money saving tips](#).

## Life events

We know that certain life events – like having a baby or losing your job – can have significant financial consequences. And it's at times like these that people are most likely to be looking for money advice and motivated to act. We have an area of our website dedicated to giving action-orientated advice to help guide people through the financial decisions that these life events bring.

Life events covered are:

- Leaving school or college
- Setting up home
- Having a baby
- Losing your job
- Retirement
- Divorce and separation
- Long term care
- When someone dies

the Money Advice Service  
FREE • UNBIASED • INDEPENDENT

My Money Advice  
Sign in Sign up

Life events Managing your money Money topics Tools & resources News

**Make the most of your money in 10 mins**  
Join over half a million people who have taken our online health check and start to make the most of your money today.  
[Read more >](#)

See our Life events section here: [www.moneyadvice.org.uk/lifeevents](http://www.moneyadvice.org.uk/lifeevents)

## Telephone support

Our unbiased Money Advisers are available over the phone on **0300 500 5000**. They can help set up a budget, offer guidance on maintaining a budget, answer questions on debt (although not debt crisis), borrowing, credit, insurance and general day-to-day money matters. They can be contacted:

Day	Opening hours
Monday – Friday	8am – 8pm
Saturday	9am – 1pm

## Face-to-face support

We offer face-to-face money advice across the UK. Our unbiased Money Advisers can cover most areas of personal finance from managing and maintaining a budget, credit, borrowing, debt (but not case work) through to saving for a rainy day and pensions. If there is sufficient demand our money advisers can come to you to run appointments for the day. If you feel you may have suitable demand for this please contact us on **0300 500 5000**.

## Syndication

At the Money Advice Service we're keen to share our web content, allowing partners to use it on their own websites. We'll soon be publishing information on our partners' page outlining different options for content syndication. If you're interested in using content and tools from [moneyadviceservice.org.uk](http://moneyadviceservice.org.uk) please get in touch with us.

## Contact details for further information

We do hope you find this helpful. We will be adding even more useful information and tools to support borrowers who need to repay their interest only mortgage  
If you have any suggestions for new materials that would help you or your users, or if you require any further information email: [Nick.Hill@moneyadviceservice.org.uk](mailto:Nick.Hill@moneyadviceservice.org.uk)



The **Money Advice Service** is set up by government and offers free and impartial tips, tools and planners on life's money matters.