

How to fight repossession for mortgage arrears

If you have received a letter from your mortgage lender, advising you that you are in arrears and are threatened with legal action, don't be tempted to hand the keys in without looking into your rights. There are steps that you can take to improve your chances of keeping your home.

Step 1: Contact your lender

It is not in the lenders best interest to repossess your home. They will only do this as a last resort. Keep them informed about the problems you are having.

Alternatives to repossession

If your lenders were to attempt to take possession of your property, they would need to show that they had considered alternative ways of dealing with you arrears before taking such drastic action. Examples of the sorts of options that could be considered include:

- Allowing you to reduce your monthly payment in the short term until your situation improves. For example, they may allow you to pay the interest only for an agreed amount of time.
- Allowing you a longer period of time to pay back the loan, so monthly payments will be smaller. This is known as extending the "term" of the mortgage.
- Allowing you to add any arrears you have on to the end of your mortgage. This is known as 'capitalising the arrears' .
- Allowing you a reasonable time to sell your home, provided that it is marketed at a realistic price.

The Homeowner Mortgage Support Scheme

This government backed scheme is aimed at helping homeowners who are struggling due to a change in circumstances.

If your lender hears nothing from you and you continue to miss payments they will repossess your home, so keep opening your post and keep in touch.

Step 2: Sort your money out

If you are unable to pay your mortgage, it is likely that you have other debts too. It may be that you are paying other creditors more than you need to and not paying your mortgage. You may even be owed money that you have not claimed. See Thompsons Solicitors article on [how to get out of debt](#).

Check to see if you have a mortgage indemnity policy and make a claim on it if you are eligible.

Step 3: Get some free representation and advice about the threatened repossession

There are plenty of organisations that can represent you for free.

[The Community Credit Counselling Service](#)
[The National Debt Line](#)
[The CAB](#)
[Community Legal Advice](#)
[Shelter](#)

Step 4: Go to the hearing

The judge will make sure that you get your say. Make sure that you have a **financial statement**. You need to be able to show the judge that you can pay the current payments and a small amount off the arrears each month. If the judge is convinced that you can do this, the repossession will be put on hold as long as you keep up with the payments.

Even if you cannot offer to pay the current mortgage, your lender will still need to show the court that they have made attempts to explore **alternatives to repossession** with you before being granted an order allowing them to repossess your home.

If all else fails, it may be that you can persuade the judge to give you more time to find somewhere else to live. This is called a stay of execution.

Step 5: Beware of profit making "Mortgage Rescue" schemes

Many of these schemes are doing no more than offering to buy your property for a lot less than it is worth and then rent it back to you for a fixed term. This may be for as little as 6 months. These schemes are not regulated in any way. You should take independent legal advice before agreeing to sell to such a scheme. There are plans to bring this type of scheme within the regulation of the FSA.

Ethical Alternatives

The government has set up its own ethical version of **Mortgage Rescue**, which is due to go live in January 2009. A similar scheme already exists in **Wales**.

Further Information

Have a look at the **Financial Service Authority's leaflet** on what to do if you can't pay your mortgage.

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