

Chapter 13

Arrears, payment shortfalls
and repossessions:
regulated mortgage contracts
and home purchase plans

13.4 Arrears: provision of information to the customer of a regulated mortgage contract

- 13.4.1** **R** If a *customer* falls into *arrears* on a *regulated mortgage contract*, a *firm* must as soon as possible, and in any event within 15 *business days* of becoming aware of that fact, provide the *customer* with the following in a *durable medium*:
- (1) the current *MoneyHelper* information sheet “Problems paying your mortgage”;
 - (2) a list of the due payments either missed or only paid in part;
 - (3) the total sum of the *payment shortfall*;
 - (4) the charges incurred as a result of the *payment shortfall*;
 - (5) the total outstanding debt, excluding charges that may be added on redemption; and
 - (6) an indication of the nature (and where possible the level) of charges the *customer* is likely to incur unless the *payment shortfall* is cleared.
- 13.4.2** **G** (1) The *MoneyHelper* information sheet “Problems paying your mortgage” is available on the website <https://www.moneyhelper.org.uk> ; copies can also be obtained by calling 0800 138 7777.
- (2) [deleted]
- 13.4.3** **G** (1) A *firm* may provide the information in ■ **MCOB 13.4.1 R** (2), (3), (4), (5) and (6) orally, for example by telephone, but must provide the information in a *durable medium* with a copy of the *MoneyHelper* information sheet “Problems paying your mortgage” within 15 *business days* of becoming aware of the *customer's* account falling into *arrears*.
- (2) Where a *firm* provides the information in ■ **MCOB 13.4.1 R** when a *payment shortfall* occurs but before the *customer's* account falls into *arrears*, it need not repeat the provision of the information in ■ **MCOB 13.4.1 R** when the *customer's* account falls into *arrears*.

Customers in arrears within the past 12 months

13.4.4

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If a *customer's* account has previously fallen into *arrears* within the past 12 months (and at that time the *customer* received the disclosure required by ■ MCOB 13.4.1 R), the *arrears* have been cleared and the *customer's* account falls into *arrears* on a subsequent occasion a *firm* must either:

- (1) issue a further disclosure in compliance with ■ MCOB 13.4.1 R; or
- (2) provide, as soon as possible, and in any event within 15 *business days* of becoming aware of the further *arrears*, a statement, in a *durable medium*, of the payments due, the actual *payment shortfall*, any charges incurred and the total outstanding debt excluding any charges that may be added on redemption, together with information as to the consequences, including *repossession*, if the *payment shortfall* is not cleared.

Steps required before action for repossession

13.4.5

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Before commencing action for *repossession*, a *firm* must:

- (1) provide a written update of the information required by ■ MCOB 13.4.1 R(2), (3), (4), (5) and (6);
- (2) ensure that the *customer* is informed of the need to contact the local authority to establish whether the *customer* is eligible for local authority housing after his property is *repossessed*; and
- (3) clearly state the action that will be taken with regard to *repossession*.