

## MORTGAGE AFFORDABILITY RULES (AMENDMENT) INSTRUMENT 2023

### **Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (General rule-making power); and
  - (2) section 137T (General supplementary powers).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

### **Commencement**

- C. This instrument comes into force on 30 June 2023.

### **Amendments to the Handbook**

- D. The Mortgages and Home Finance: Conduct of Business sourcebook (MCOB) is amended in accordance with the Annex to this instrument.

### **Citation**

- E. This instrument may be cited as the Mortgage Affordability Rules (Amendment) Instrument 2023.

By order of the Board  
29 June 2023

## Annex

**Amendments to the Mortgages and Home Finance: Conduct of Business sourcebook  
(MCOB)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

**11 Responsible lending, and responsible financing of home purchase plans**

...

**11.6 Responsible lending and financing**

...

The assessment of affordability

...

11.6.3 R ...

(3) *MCOB 11.6.2R does not apply to a variation to the terms of a regulated mortgage contract or home purchase plan which:*

(a) reduces (including to zero) the capital repayments required under a repayment mortgage for a period of no longer than six months;

(b) reverses (in full or in part) a term extension within six months of it taking effect; or

(c) is made solely for the purposes of forbearance where the customer has a payment shortfall, or in order to avoid a payment shortfall.

(4) Paragraph (3)(a) only applies where the contract:

(a) remains a repayment mortgage after the variation (because the mortgage is still designed to be repaid in full over its term);

(b) has not previously been varied in reliance on that paragraph; and

(c) is not a bridging loan or a second charge regulated mortgage contract.

(5) Paragraph (3)(b) only applies where the contract:

- (a) has not previously been varied in reliance on that paragraph;  
and
- (b) is not a *bridging loan* or a *second charge regulated mortgage contract*.

...

Entering into interest-only mortgages

- 11.6.41 R (1) *A mortgage lender may only enter into an interest-only mortgage, or switch a repayment mortgage onto an interest-only basis for all or part of its term, if:*

...

- (4) Paragraph (1) does not apply in respect of a variation to the terms of a *regulated mortgage contract* made in accordance with *MCOB 11.6.3R(3)(a)*.

...