Call us on **0800 012 1583**

Santander

Your guide to interest only mortgages

However long you've got left on your mortgage, you need a suitable plan to repay it at the end. If you don't, you must put one in place. Let's show you some options.

Switch to a repayment mortgage

This means changing your existing mortgage to one where you repay the money borrowed and interest. So as long as you keep up your payments, your mortgage will be paid off at the end. You're likely to pay more each month than you do now. So, as part of our duty to you, we'll make sure you can afford it. Your status and our lending policy will decide what changes you can make.

Savings and investments

You might plan to pay off some or all of the capital you've borrowed from savings or investments, such as:

- endowments
- pensions
- cash or share savings (ISAs).

If so, it's vital you regularly check these funds to make sure there'll be enough when your mortgage ends.

If you're not sure, you should speak with an independent financial adviser (IFA) who can help you change your plans.

If you don't have an IFA, you can find one at **unbiased.co.uk**

For more details on savings and investments, go to **moneyhelper.org.uk**

Overpayments

To reduce the amount you owe on your mortgage, you can make an overpayment.

- Does your mortgage come with an early repayment charge? If so, you can pay off up to 10% of any fixed rate loan balance each calendar year (January to December) without paying an early repayment charge.
- Does your mortgage come without an early repayment charge? If so, you can make as many overpayments as you like, free of charge.

There may be a minimum amount you need to pay each time you make an overpayment. For more information about overpayments, visit **santander.co.uk** and search for 'mortgage overpayments'.

Selling your home

Planning to sell your home to pay off your mortgage when it ends? If so, there are things you'll need to think about.

- Once you've sold where you live now and paid off your mortgage, will you have enough money to buy another home in an area you'd want to live?
- If you don't have enough to buy and own a new home, will you be happy to rent?
- Will you be happy leaving your home? If not, you should look at other options now.
- Will you be ready to move when your mortgage ends, and will your home be easy to sell?

Later life mortgages

If you're thinking about later life lending, including options such as equity release, you may find it helpful to speak to an independent financial adviser. They can give you guidance based on your personal circumstances.

You can find an independent adviser at **unbiased.co.uk.**

Could you be at risk of negative equity?

When you have an interest only mortgage, you're at more risk of negative equity as the amount you owe stays the same. Negative equity is when the value of your home is less than the amount you owe on your mortgage. For example, if your home is worth £200,000 and you owe £250,000 on your mortgage, you have £50,000 in negative equity.

- If you're in negative equity, you might be unable to remortgage with another lender.
- You might not be able to borrow more if you have a high loan to value.

Frequently asked questions

I don't have a repayment plan – what should I do?

We've shown you some options in this factsheet. Call us on **0800 012 1583** as soon as possible and we'll do all we can to help.

I don't think my repayment plans will pay off my mortgage.

If you can't afford to pay off your mortgage when it ends, you'll have what's called a 'shortfall'. If you think this might be you, it's vital you act now, as this will make it easier to remove any shortfall. In this factsheet, we've shown some options, such as switching to a repayment mortgage, or making overpayments. To talk through your own situation, call us.

What should I do if my mortgage has already ended?

If you've not already told us about your plans, or if we haven't recently been in touch, please call us. We're here to help and we'll go through all your options. We'll work with you to do all we can to help you make suitable plans to repay your mortgage.

How do I check my repayment plans?

At least once a year, you should check with your provider that your investments are on track to cover your mortgage when it ends.

If you're worried your repayment plan isn't on track and you might not have enough to pay back your interest only mortgage, please call us.

If you can't pay back your mortgage at the end of your mortgage term, you may have to sell your home or have it repossessed.

Taking action sooner rather than later will increase the chance of making a plan which means you can stay in your home.

Next steps

Check if your repayment plan is on track to pay off your mortgage when it ends. If you don't have a repayment plan, or you're not sure it will be enough, please call us and we'll do all we can to help you. Remember:

- reviewing your plans at least once a year will give you more time to make any changes if needed
- the longer you have left on your mortgage before it ends, the more options you'll have
- if your situation changes and your income goes down, it might be harder to pay off your mortgage. Don't leave it too late to sort out.

We have a team of mortgage specialists who can take you through all of your options. Just call us on **0800 012 1583**.

If you like, you can also get some free independent advice from the following organisations:

- MoneyHelper: **0800 138 7777** or **moneyhelper.org.uk**
- Citizens Advice: **03444 111 444** or **citizensadvice.org.uk**
- National Debtline: **0808 808 4000** or **nationaldebtline.org**
- StepChange Debt Charity: **0800 138 1111** or **stepchange.org**

You can also speak to an independent financial adviser (IFA). Some might charge a fee for their services. To learn more and find an IFA in your area, visit **unbiased.co.uk**

Before you decide what to do at the end of your mortgage term, you might want some independent legal advice. You can speak to a law firm in your area. Or, you can find details of firms offering this advice on the Law Society website **solicitors.lawsociety.org.uk**

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