



Call us on **0800 012 1583**

# Your guide to interest only mortgages

Whether you have one year, or up to 15 years left on your interest only mortgage, it's important you have a suitable plan to repay your mortgage when it ends. If you don't you must put one in place. This factsheet goes through several different options which you could choose from.

## Switch to a repayment mortgage

This means converting your existing mortgage to one where you repay the capital borrowed and the interest owed. Whilst the monthly payments you would need to make are likely to be higher, as a responsible lender, we'll make sure that a new arrangement is affordable. Any change you wish to make to your borrowing is subject to status and our lending criteria.

## Savings and investments

If part or all of your interest only repayment plan is linked to savings and investments, it's important to check them regularly to make sure that they'll cover your mortgage capital balance at the end of your term. These investments could include:

- endowments;
- pensions; and
- cash/share savings (ISAs).

If you're concerned that your investments or savings will not cover your capital balance, you should speak with an independent financial adviser (IFA) who'll be able to assist you in making changes to your plans.

If you don't have an IFA you can find one at [unbiased.co.uk](https://www.unbiased.co.uk).

Or for more information on savings and investments visit [moneyadviceservice.org.uk](https://www.moneyadviceservice.org.uk).

## Overpayments

If you'd like to reduce the capital balance outstanding on your mortgage, you can make a capital repayment.

- If your product has an early repayment charge, you can pay up to 10% of your loan balance every calendar year (1 January – 31 December) without having to pay an early repayment charge.
- If your product doesn't have an early repayment charge, you can make unlimited capital repayments free of charge.

A minimum capital repayment amount may apply, please check our website for more information.

## Selling your home

If you're planning to sell your home to pay off your mortgage at the end of the term, there are a number of things you should consider.

- Will you have enough money to buy another home in your ideal location, after you've sold your current home and paid off your mortgage?
- If you don't have enough equity to buy a new home you'll need to consider renting rather than owning your own home.
- 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 aged 55 or over, you could consider a later life mortgage to pay off an existing mortgage balance. **Santander doesn't offer later life mortgages, but we've partnered with Legal & General to offer their later life mortgages to our customers.**

A later life mortgage is a loan secured against your home, which allows you to stay in the home you know and love, without having to move. The money you borrow must be used to pay off your Santander mortgage balance in full and any early repayment charges.

Depending on the type of mortgage you choose, you may be able to pay all, some or none of the interest monthly. If you choose a lifetime mortgage any unpaid interest is added to the loan, which will increase the amount you owe quickly over time.

It's a big decision, so it's important to get the right advice. Legal & General have their own team of specialist advisers, who will talk you through all of its products, without obligation and they'll tell you if it's right for you.

Contact us to find out if you're eligible for a Legal & General later life mortgage on **0800 012 1583** option 3 or for more information visit [legalandgeneral.com/Santander](http://legalandgeneral.com/Santander)



## Frequently asked questions

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

We've included a few possible options in this factsheet, but please get in touch with us on **0800 012 1583** as soon as possible and we'll do all we can to help you.

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

If you're concerned that your repayment plans won't pay off your mortgage when it ends, you'll have what is called a 'shortfall'. If you're in this situation it's vital you take action as soon as possible – this will make it easier to remove any shortfall. This leaflet talks about some of the possible options, for example making overpayments or converting to a repayment mortgage but please call us so we can talk through your specific situation.

### What should I do if my mortgage has already ended?

If you've not already told us of your plans, or if we have not recently called you, call us. We're here to help and we can go through all the options available. 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?

You should check with your investment provider that your investments are on track to cover your mortgage when it ends.

You must monitor this every year, and deal with any potential issues as soon as they crop up.

## It's important that we make you aware, that if you can't pay back your mortgage at the end of your mortgage term, you may have to sell or face repossession of your home.

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

## Next Steps

Look at your repayment plans to see if you'll be able to repay your mortgage at the end of your mortgage term. The sooner you review your plans, the easier it will be if you need to make any changes. You should consider reviewing your plans every year.

If you don't already have a plan in place, please get in touch and we'll do all we can to help you. Remember:

- the longer you have left on your mortgage before it ends, the more options you'll have
- when you retire your income may fall and it may be more difficult for you to repay your mortgage, so don't leave it too late to sort out your plans.

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

If you'd prefer, you can also get some free independent advice from the following organisations:

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

You can also speak to an independent financial adviser (IFA). Some may charge a fee for their services – to find out more and to find an IFA in your area visit [unbiased.co.uk](http://unbiased.co.uk).

You may wish to seek independent legal advice before making any decision in relation to your repayment options at the end of your mortgage term. You can do this by consulting a local firm of solicitors in the area where you live. Alternatively you can find details of solicitors that can provide you with independent legal advice from the Law Society website [solicitors.lawsociety.org.uk](http://solicitors.lawsociety.org.uk)

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