



YOUR ANNUAL MORTGAGE STATEMENT AND HOW TO IDENTIFY A PAYMENT HOLIDAY

The Government announcement and the ability to apply for a payment holiday, also known as a payment deferral, happened very quickly. The requirements were implemented at speed to make sure we could provide this support to our customers, and as a result subsequent adjustments may have been required to some mortgage accounts.

On the next few pages are some examples of what you may see or have seen on your annual statement if you took a payment holiday, and what this means in practice.

EXAMPLE 1

PAYMENT HOLIDAY APPLIED BEFORE THE MONTHLY PAYMENT FELL DUE

In this example a customer requested a payment holiday and there has been sufficient time to put this into place before the monthly payment is due. The payment holiday request was for three months; May, June and July 2020.

7 April 2020	Mortgage Payment Due	303.30	
7 April 2020	Interest	132.68	
7 May 2020	Interest	127.03	
7 June 2020	Interest	133.19	
7 July 2020	Interest	130.84	

The example above shows that before the payment holiday was set up, the monthly payment of £303.30 fell due on the 7 April 2020 and interest of £132.68 was applied on the same day.

From May to July 2020, when the payment holiday was in place; the mortgage payment does not fall due and is not shown on the annual statement. As you can see the interest continues to accrue every month in line with the terms and conditions of the mortgage. At the end of the payment holiday period the monthly mortgage payments will need to be recalculated to ensure that the accrued interest from May, June and July 2020 is cleared within the mortgage term.

By setting up the payment holiday the mortgage payments are not applied to the account, this ensures that the payments deferred under the payment holiday do not show as missed monthly payments.

EXAMPLE 2

PAYMENT HOLIDAY APPLIED BUT AN ADJUSTMENT TO THE MORTGAGE IS REQUIRED

In this example, a customer has requested a payment holiday for March 2020, but the request was too late to stop the mortgage payment falling due on the account. As a result, an 'Arrears Adjustment' was completed on the account to remove the value of the monthly mortgage payment applied on 29 March 2020.

29 March 2020	Mortgage Payment Due	353.90	
20 April 2020	Arrears Adjustment		-353.90
28 April 2020	Interest	167.70	
28 May 2020	Interest	146.39	
28 June 2020	Interest	151.64	

You can see in the following months the payment holiday was still in place and no 'Mortgage Payments Due' are shown or applied to the account, but interest continued to be charged in April, May and June 2020.

If we missed a payment holiday request and we agreed to backdate the payment holiday, you may see either several 'Arrears Adjustments' to cater for each monthly mortgage payment individually, or one 'Arrears Adjustment' that adjusts for several monthly mortgage payments at the same time.

EXAMPLE 3

A BACKDATED ADJUSTMENT IS MADE WHEN A PAYMENT HOLIDAY HAS BEEN REMOVED RETROSPECTIVELY

In this example we had applied a payment holiday prior to the last annual statement being issued, which the customer then confirmed they did not require. An 'Adjustments to previous statement' appears in the summary section of the next annual statement due to the payment holiday being removed; in this case £593.98.

Plus
**Adjustments to previous statement
- Please refer to page 4 for a detailed breakdown

£593.98

The statement shown below provides a breakdown of the adjustments; in this instance to add the mortgage payments that were not applied to the account for April and May 2020.

Your mortgage account in more detail – Adjustments made in previous period

The following table details items which have been applied for a date prior to the start of this statement (1 June 2020) but did not appear on your last statement. This may include payments posted later due to processing or payments returned which had previously been shown on a statement. In addition any adjustments made to fees and charges which appeared on a prior statement.

Date	Description	Debits	Credits
29 April 2020	Mortgage Payment Due	296.99	
29 May 2020	Mortgage Payment Due	296.99	

The total value of the adjustments are included in the transaction table shown below i.e. 2 x £296.99 = £593.98. However, as these relate to historic monthly payments due, which have already been paid by the customer, they do not impact the mortgage account balance.

1 June 2020	Adjustments to previous statement		593.98	0.00
22 June 2020	Standing Order Receipt	-400.00		
28 June 2020	Interest		295.40	
22 June 2020	Mortgage Payment Due	296.99		
20 July 2020	Standing Order Receipt	-400.00		

EXAMPLE 4

PAYMENT HOLIDAY ENDED

When the payment holiday came to an end, customers will have received a letter confirming the exit from their payment holiday, the new increased monthly payment and the date the new payment is due.

In the example below, you can see the payment holiday was in place for four months; November 2020 until February 2021. The payment holiday came to an end in March 2021 and the new mortgage payment of £503.39 fell due on the 31 March 2021.

31 October 2020	Mortgage Payment Due	499.80	
31 October 2020	Interest		536.38
30 November 2020	Interest		521.06
31 December 2020	Interest		534.40
31 January 2021	Interest		536.41
28 February 2021	Interest		486.33
29 March 2021	Card Receipt		-503.39
31 March 2021	Mortgage Payment Due	503.39	

If you have any questions about your payment holiday and your annual statement, please call us on 0333 300 0426; our team are available to help Monday to Friday 9:00am – 5:30pm.

For more information visit [acenden.com](https://www.acenden.com)