



Independent
Living Fund

Equinox House
Island Business Quarter
City Link
Nottingham NG2 4LA

Phone: 0845 601 8815
or 0115 945 0700

www.dwp.gov.uk/ilf

Policy Circular

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Owner: Corporate Affairs Team

Subject: Mortgage Payments

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Next Review: N/A

1.0 Background

When completing a Notional Assessment the fund gives regard to certain essential housing related costs including mortgage payments.

2.0 Policy

When assessing a user's housing costs the ILF will allow the full amount of any Repayment or Endowment Mortgage to be included. For Endowment mortgages this includes all elements of the endowment policy.

The Funds will also allow the cost of Life Insurance that is directly linked to an endowment mortgage to be included as a housing expense.

The funds will allow for the cost of Mortgage Protection Payments that a user may make to protect their repayments during times of illness and unemployment to be included as an essential housing cost.

Textphone: 0845 601 8816

Fax: 0115 945 0945

Email: funds@ilf.gsi.gov.uk

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The Government Standard

If circumstances arise where a mortgage protection policy is activated due to a change in the user's circumstances the Funds will not allow the mortgage payments to continue to form part of the individuals housing costs. This is because due to the users mortgage protection plan the insurance company and not the user will make the payment.

There may be circumstances where a user has such a policy to protect just a proportion of their mortgage. If the policy is activated the funds will only allow the net cost of the mortgage payments incurred by the user to be included as a housing cost.

Other types of insurance such as buildings and contents etc will not be accepted as part of the users housing costs.

If it is discovered that a user has not informed the ILF of a change in their mortgage arrangements causing an overpayment of the grant to occur, this should be referred to the Grant Recovery team in the normal way.

3.0 Procedure

When collecting information for the purposes of a Notional Assessment it will be necessary for the following facts to be established/issues to be considered:

- The mortgage figure should be provided exclusive of any buildings and contents insurance policies but should include both the 'endowment' and 'interest' parts of an endowment mortgage. The figure provided will already include the endowment life insurance costs
- Is a mortgage protection plan in place to protect against illness or unemployment? If so how much does this cost per week?
- Is the mortgage currently being paid by the individual or their partner or are costs being covered by the activation of a mortgage protection plan? (I.e. an insurance company)

Where a user discloses that their mortgage costs are being covered by a protection policy no figure should be included within the Notional Assessment.

In these circumstances it will be necessary to include information within the offer letter explaining that the mortgage payments have not been included within the financial assessment. The user should also be informed that once the Insurance company stops paying for the mortgage and the user resumes the payments they should notify the funds so payments can be amended.

4.0 Source

Strategic Policy meeting 28 November 2003

SMT 22 March 2004

SMB 5 December 2012

5.0 Cross References

Available Income policy

6.0 History Date Reviewed

25 March 2008

9 June 2010

25 January 2012 (Review date amended from June 2012)

November 2012