

06-23 Support for Mortgage Interest changes

Contents Paragraphs

Introduction 1-2

Background 3

Changes affecting the QP 4-6

7-8

9-11

Introduction

1. This memo gives guidance on [The Loans for Mortgage Interest \(Amendment\) Regulations 2023](#), which come into force on 3.4.23.

1 [SI 2023/226;LMI\(Amdt\) Regs](#)

2. The Regulations

1. reduce the qualifying period (QP) for those entitled to UC from 9 APs to 3 APs¹.
2. remove the rule in UC that prevents a support for mortgage interest (SMI) loan payment while the claimant has any earned income².
3. allow a UC claimant to qualify for a SMI loan without re - serving the QP should they return to UC within 6 months³.
4. ensure the QP does not need to be served and SMI remains in payment when a mixed age couple migrate from SPC to UC⁴.

1 LMI(Amdt) Regs [reg 2\(2\)](#); 2 [reg 2\(3\)](#); 3 [reg 2\(5\)\(b\)](#); 4 [reg 2\(4\)](#)

Background

3 SMI loans are secured against the claimant's property through a legal or equitable charge against the property title and the loan is recoverable from any equity on the sale, transfer of ownership of the

property or when the claimant dies¹.

1 [LMI Regs 2019, reg 16](#)

Changes affecting the QP

4 Currently, UC claimants are required to serve a QP of 9 APs before they are eligible for help with mortgage costs through an SMI loan¹. From 3.4.23, that QP will reduce to 3 APs.

1 LMI Regs, [reg 2](#), [reg 8\(1\)\(b\)](#)

5 SMI loan payments cease when the claimant is no longer entitled to UC.¹ Currently, when a further claim to UC is made, the claimant must serve a new QP².

1 LMI Regs, [reg 9\(3\)\(a\)](#); 2 LMI Regs, [reg 2](#)

6 From 3.4.23 if a claimant becomes entitled to UC again within a period of 6 months, there is no requirement for them to serve a new QP and SMI loan payments will start immediately, assuming the claimant satisfies the conditions¹.

Note: This does not apply to those UC claimants who are serving their QP. If they cease to be entitled to UC, they are required to re-serve their QP when they make a new claim. Any APs served do not count towards their QP even if they return within 6 months.

1 LMI Regs, [reg 3](#)

The earnings rule

7 Since the introduction of SMI Loans in April 2018, if a UC claimant received any earned income in an assessment period (AP) no offer of a loan payment would be made for that AP¹. Providing the claimant remained entitled to UC, the QP did not have to be re-served but SMI loan payments would only recommence once the claimant was no longer receiving any earned income.

1 LMI regs, [reg 3\(4\)](#) & [9\(3\)\(e\)](#)

8 From 3.4.23 any earned income, assuming the claimant remains entitled to UC, will not affect entitlement to the offer of a loan payment.

Former SPC claimants

9 Currently, if an SPC claimant forms a couple with a UC claimant, any SMI loan in payment to the former SPC claimant will cease and the couple will have to serve a new qualifying period¹.

1 LMI Regs, [reg 8\(1\)\(b\)](#)

10 From 3.4.23 those claimants will be entitled to the offer of a loan payment from the first day of entitlement to UC as a couple¹.

1 LMI (Amdt) Regs, [reg 2\(4\)\(a\)\(ii\)\(ba\)](#)

11 Additionally, from 3.4.23, if a former SPC claimant receiving loan payments forms a couple and they claim UC, they are not required to serve the QP if that entitlement to UC began within one month of entitlement to SPC ceasing¹.

1 LMI(Amdt) Regs, [reg 2\(4\)\(a\)\(ii\)\(bb\)](#)

Annotations

This memo is annotated against [Memo 8/18](#) paragraphs 4, 9, 73.

Contacts

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 3E zone E, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in – Memo [7/19](#) Requesting case guidance from DMA Leeds for all benefits.

DMA Leeds: March 2023