

Case Study, Heather (Plan B – Mortgage Specialist)

BACKGROUND

Heather is a 48 year old woman with mental health issues who depends on her parents for financial support and guidance.

Around 4 years ago she purchased her first house. This was facilitated through a guarantor mortgage with her father being the guarantor.

Around April 2014, the recommendations of the **Mortgage Market Review** kicked in and meant, that as guarantor, Heather's father would have to come off the mortgage as he was about to reach his 70th birthday.

After a meeting with the current lender, Heather was refused a mortgage as she failed the banks own affordability tests. In short, the main reason for this was that she had no earned income as was completely reliant on benefits for her income.

Her benefit income is as follows;

◆ ESA	£9,360 per year
◆ DLA	<u>£3,770</u>
◆ TOTAL	£13,130

The problem here was that Heather either had to find another lender that would take over her mortgage, or sell her home and end up homeless.

SOLUTION - PROCESS

With most clients, there is clearly a need for suitable, regulated, independent mortgage advice and this can only be accessed through a suitably qualified mortgage broker.

I took Heathers case to a short list of potential new lender's and had to get a lender to treat all of her benefit related income as 'income that is fit for mortgage purposes. The interest rate and term of the mortgage had to be affordable as well

SOLUTION - REMORTGAGE

There are only a select few lenders willing to offer mortgages to applicants that do not have any earned income and are also in receipt in sickness related benefits.

For Heather, I sourced a lender that agreed to offer the full amount owed on her existing mortgage which was £45,000. They were able to do this because they took all disability benefits as income for mortgage purposes.

This is a key area when trying to get a mortgage for a disabled person on sickness related benefits.

The interest rate on her new mortgage (with a well known High Street Lender) was fixed for 5 years, on a rate of 3.79%.

There was a £0 lender arrangement fee.

The client also got her legal fees paid by the bank as well as the valuation fee.

The monthly payment is now £266.28 and is assisted by the benefits agency.

The client was more than happy with this. In addition this monthly payment was £54 less than what she was paying with her previous lender.

MY DETAILS

Currently I work with over 50 registered charities and local authorities on similar cases to Heathers.

If you are interested in speaking with me to see if I can help you or your organisation please contacts me directly on;

Mobile – 07881 581488

Email – ianghaughey@gmail.com

Ian Haughey, B.sc (Hons), CeMap1,2,3 – Principal of Ian Haughey Financial Services