

Support for mortgage interest loans (SMI)

This factsheet looks at the support available to homeowners struggling to pay their mortgages.

You can get a government loan to help pay your mortgage. This help is called support for mortgage interest (SMI). It is a loan and not a benefit, and it must be repaid.

Qualifying benefits

To be eligible for an SMI loan, you (or your partner) must claim a 'qualifying benefit':

- universal credit (UC)
- income support (IS)
- income-based jobseeker's allowance (JSA)
- income-related employment and support allowance (ESA)
- pension credit.

Who can claim help

You can claim an SMI loan if you own the home you live in. You may also be able to claim if you live in the home and the home owner isn't making payments.

Get money advice

Get independent financial advice to help you decide if an SMI loan is a good idea for you. There may be better options, for example, negotiating a mortgage holiday with your lender. The [Money Advice Service](#) can help you find an independent financial adviser.

What you can get help with

If you claim a qualifying benefit, you can get an SMI loan to help with your mortgage. Also, if you claim:

- UC - you can get an SMI loan to help pay any loan secured against your home.
- another qualifying benefit - you can get an SMI loan to help pay a loan taken out for certain works needed to make your home fit for habitation. But this probably won't be possible if you took out the loan while you were claiming benefit.

What you'll get

The government won't pay towards more than £200,000 of your mortgage/loan (or £100,000 if you receive pension credit).

The amount of SMI is calculated using a set interest rate, regardless of the interest rate you pay on your mortgage/loan. The rate is 2.61%, but this may change.

Go to [Gov.uk](#) for the current figure.

If you are claiming UC you will not get an SMI loan (or the payments will stop) if you or your partner have any income at all from a job or being self-employed.

Your SMI is usually paid direct to your lender.

Waiting periods and how it is paid

You will have to sign a loan agreement to receive any payments.

There is no waiting period for SMI if you get pension credit. But you won't get any SMI loan payments until:

- 9 months after you claim UC
- 39 weeks after you claim IS, JSA or ESA.

Paying back the money

You are charged interest on the SMI loan payments at the rate of 1.5%. This may change in the future. Check [Gov.uk](#) for the up-to-date rate of interest.

The interest you are charged is 'compound'. This means interest is always being added to what you owe, and you pay interest on the cumulative amount. You can pay money back as a lump sum at any time, as long as it's a minimum of £100.

The SMI loan is secured on your property. You don't have to repay it until you sell your property. If there is not enough money to repay all the SMI loan when you sell, the government will write off the balance.

How to claim help

You will be asked about your housing costs when you claim a qualifying benefit. The jobcentre or Pensions Service will ask your lender to confirm what you pay.

Your benefits may be increased if you have to pay eligible service charges or ground rent.

Further advice

You can get further advice from Shelter's free* housing advice helpline (**0808 800 4444**), a local Shelter advice service or local Citizens Advice office, or by visiting england.shelter.org.uk/housing_advice

*Calls are free from UK landlines and main mobile networks.



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Note

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