

You and your mortgage

The mortgage code provides protection for you as a mortgage borrower.

It sets out minimum standards which mortgage lenders and intermediaries have to meet.

This leaflet is designed to introduce the mortgage code to you.

The Mortgage Code

By giving you this leaflet, your lender or intermediary is confirming to you that they keep to the principles of the mortgage code. This provides important protection for you, as the code sets out:

- 🏠 how your mortgage should be arranged;
- 🏠 what information you should receive before you commit yourself; and
- 🏠 how your mortgage should be dealt with once it is in place.

If a lender or intermediary fails to meet the standards of the code, and you suffer as a result, you have the right to compensation under a compulsory independent complaints scheme.

The rest of this leaflet concentrates on the details which are most relevant to you when you are arranging a mortgage. We then give you an outline of the code's main commitments.

You can use this leaflet as a checklist to help you through the process of arranging a mortgage.

Choosing a mortgage

There are three different levels of service which your lender or intermediary may provide to help you choose a suitable mortgage. The lender or intermediary will tell you, at the beginning, which of these levels of service they can provide. The levels are:

- 🏠 **advice and a recommendation** on which of the mortgages they can provide is most suitable for you;
- 🏠 **information on the different types of mortgage product** on offer so that you can make an informed choice of which to take; or
- 🏠 **information on a single mortgage product only**, if only one mortgage is available or if you have already made up your mind.

Check that you understand which level of service you are being offered, and what this means for you.

Whichever level of service they provide, your lender or intermediary should give you information on all the following areas of the mortgage you are considering.

- 🏠 The repayment method (for example, endowment, capital and interest) and the repayment period.
- 🏠 The financial consequences of repaying the mortgage early.
- 🏠 The type of interest rate – variable, fixed, discounted, capped and so on.
- 🏠 What your future repayments might be after the fixed or discounted period.
- 🏠 Whether you have to take any insurance services with the mortgage and, if so, whether the insurance must be arranged by the lender or by the intermediary.
- 🏠 The costs and fees which might be involved with the mortgage – valuation fees, arrangement fees, legal fees, early redemption fees and so on.
- 🏠 Whether you can continue with your selected mortgage terms if you move house.
- 🏠 When your account details may be passed to credit reference agencies.
- 🏠 Whether you need to pay a high percentage lending fee and, if so, what this means to you.

If you are using the services of a mortgage intermediary to arrange the loan, they must also tell you if they are receiving a fee from the lender for introducing the mortgage to the lender. They must also let you know whether they usually arrange mortgages from a number of selected lenders or from the market as a whole.

Your mortgage intermediary can only charge you a fee for arranging your loan if it is completed. If it is not, but you owe other costs (for example, a valuation fee), you may have to pay these.

Before your mortgage is completed, your lender or intermediary will confirm, in writing, the level of service they have provided. If your lender or intermediary has provided advice and a recommendation, they should also confirm, in writing, the reasons for the recommendation. Check that you fully understand this written confirmation, and ask if there is anything that is still not clear to you at this stage.

The Code's main commitments

The code has 10 main commitments. Broadly speaking, these say that lenders and intermediaries will:

- 🏠 act fairly and reasonably with you at all times;
- 🏠 make sure that all services and products keep to the conditions of the code, even if they have their own terms and conditions;
- 🏠 give you information on services and products in plain language, and offer help if there is any area which you do not understand;
- 🏠 help you to choose a mortgage to fit your needs, unless you have already decided on your mortgage;
- 🏠 help you to understand the financial effects of having a mortgage;
- 🏠 help you to understand how your mortgage account works;
- 🏠 make sure that the procedures their staff follow reflect the commitments set out in the code;
- 🏠 correct errors and handle complaints speedily;
- 🏠 consider cases of financial difficulty and mortgage arrears (missed payments) sympathetically and positively; and
- 🏠 make sure that all services and products meet the relevant laws and regulations.

The code goes into more detail on each of these commitments.

Lenders and intermediaries will make sure that their staff are appropriately trained, qualified, experienced and supervised.

Lenders will follow the Council of Mortgage Lenders' policy on mortgage shortfall debts.

Keeping to the Code

How the lenders or intermediaries keep to the mortgage code is monitored independently. And, any organisation under the code must be a member of a recognised complaints scheme – such as the Financial Ombudsman Service or the Mortgage Code Arbitration Scheme. This gives you an extra level of protection, as each of these schemes can award compensation of up to £100,000 to you if you suffer as a result of your lender or intermediary failing to keep to the code. Your lender or intermediary will be able to tell you which scheme applies.

Contact details

The Mortgage Code Compliance Board
University Court
Stafford ST18 0GN

For enquiries, please contact our help desk
Telephone: 01785 218200
E-mail: enquiries@mortgagecode.org.uk

You can also get more information about the Mortgage Code Compliance Board from our website at:

www.mortgagecode.org.uk

**Please ask your mortgage lender
or mortgage intermediary
if you would like a copy
of the full mortgage code.**

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