

% INTEREST AND PAYMENTS

Held Over Interest

Because the old system used to calculate interest from one payment date to the next payment date and the new system calculates interest from the start of each month there is an amount of interest due on your account that's owed, but we haven't collected.

So for example, say your payment date on the old system was 7 September – you would've paid interest up until 7 September. Then when you pay in October on the new system your payment on 7 October would cover interest from 1 October to 31 October. So the interest from 8 September to 30 September hasn't been collected.

We put this amount of interest into a separate sub account. But we won't charge interest on this amount, and you can pay it off at any time.

We'll automatically apply part of your monthly payment to this sub account if we recalculated your monthly payment for October. If we haven't worked out a new payment for you, we'll add it to the final amount you owe at the end of your term – unless you pay it off sooner.

Interest Only borrowing

On the old system if your interest only balance went above the amount we agreed for your interest only loan, then we may have put that amount on repayment, so you pay it off over the remaining term.

If we did this your account will show you have a part interest only and part repayment account.

If your interest only balance increases in the future any amount above the interest only amount will be on interest only, and you'll need to make sure you have plans in place to repay the full balance due when the interest only sub account term ends.

For example, if your original interest only balance was £100,000 and charges of £500 are applied to your account, you'll need to have a repayment plan in place that will repay the total £100,500 due at the end of the sub account term. We'll tell you if fees or charges are added, and they can be repaid at any time. Or you can ask us to re-pay them over your remaining term instead of increasing your interest only balance.

How we charge interest on the new system

What we charge interest on

We charge interest on everything you owe until you have paid it off, unless we tell you we are not charging interest on something. We charge interest for every day you owe us anything under the agreement.

We charge interest:

- on any money we lend you from the day we lend it to you
- on interest from the day after we add it to your loan
- on any charge and cost we add to your loan from the day we add it.

Interest is charged each month on everything you owe, including any arrears and any interest on arrears you haven't paid. This can include interest on the interest we've already charged you, but you haven't paid yet.

If you make a payment, it will reduce what you owe – and the amount we charge interest on, from the day we actually receive the money.

When we add interest

We add the interest for each month to the amount you owe at the end of the last day of that month. We start charging you interest on the added interest from the first day of the next month.

Accounts in different parts and how we apply payments

The parts of your account

Your loan may be a mixture of interest rates, terms and methods of repayment. You may also have had different account numbers for these parts. We've now combined multiple account numbers under one account number and split your account into different parts. We refer to these parts as 'sub accounts'.

What happens when we receive your total monthly payment

When we receive your total monthly payment, we give each part of your account the payment it's due.

Each part of your loan must receive the payment it's due each month before any extra payments can be made to any other part. See 'Making regular and lump-sum overpayments' for more details.

If the date your payment is due falls on a weekend or public holiday, your payment will then be due on the next working day.

Making regular and lump-sum overpayments

If we collect the extra payment along with your monthly payment, we apply it across all parts of your mortgage loan in the same way we apply your total monthly payment.

If you make a separate payment, you can choose which part of your mortgage loan you want the payment applied to, but only after you have paid off any mortgage arrears.

Remember that Early Repayment Charges may apply.

If you want us to work out a new payment for you, you'll need to ask us to

We'll no longer automatically update your monthly payment when you make overpayments. But you can ask us to do so at any time.

If we do work out a new monthly payment for you, it will include the overpayments. This means that if you only pay the new monthly payment your loan will be repaid over your existing term.

If you would like to permanently change the remaining term, please contact us.



QUESTIONS YOU MAY HAVE IF YOUR ACCOUNT IS IN ARREARS. IF YOU NEED FURTHER HELP, CALL US ON 0808 145 0372.

I have a payment arrangement. Do I need to do anything?

No. Any payment arrangement already agreed with us will continue until the end of the agreed arrangement period.

Will I receive the same number of arrears statements as I did before the change?

No. Your next statements will be using your new account numbers. If we've combined any accounts under one account number, you'll receive one statement.

How will you report arrears to Credit Reference Agencies?

Changes to how we report arrears to Credit Reference Agencies

Where we've brought your loans under one account, we'll report to Credit Reference Agencies for each new account number.

If you have a Mortgage Plus account, then your secured and unsecured loans will show as sub accounts under one account number. They'll still be reported separately to Credit Reference Agencies.

You need to make sure we receive your monthly payment by the end of the month, as we'll need to report this to the CRAs if we don't receive it by this time.

Different number of months in arrears

If we've given you a new monthly payment, in the month after the new monthly payment takes effect, when we report to Credit Reference Agencies, you may see a change to the number of months that you're in arrears. This is because we work out months in arrears by taking the amount of arrears and dividing it by the current monthly payment. This means that if your monthly payment has gone down, the number of months in arrears may go up and vice versa. Months in arrears are rounded down to the nearest month.

The system change hasn't caused your arrears balance to increase.



QUESTIONS YOU MAY HAVE ABOUT YOUR ACCOUNT

What is my remaining term?

The remaining term is how long you have until your account ends and this has not changed. We use the period of time from the date of this statement to when we think your account should end based on your last offer document. We show this in years and months for each of your sub accounts.

I've recently made a payment with my old account number – will it reach my account?

Yes. We'll apply any payments you've already made to your account. For future payments, please use your new account number as a reference and payment details set out in the 'Ways to pay' section.

I made some changes to my account and got a new monthly payment which is different to this letter. Which is the correct one?

Date letter received	What it means
If the date on the letter is before 10 September 2021	See 'Your monthly payment' section of this letter dated 10 September – it shows the amount you need to pay.
If the date on the letter is after 10 September 2021	The letter dated after 10 September will show the amount you need to pay.

If you're unsure about the amount you need to pay, please get in touch.

We may need to change your monthly payment again

Following a Bank of England base rate change, we may need to work out a new monthly payment again. If we do this, you'll get another letter telling you about this change. The rate change letter will contain the most up to date monthly payment.

Can I change my payment date?

Yes. Your payment date was set up from your completion date, and if you want to, you can now change the day in the month you make your payment. The new date needs to be between the 1st and the 28th day of the month.

We'll then work out a new monthly payment for you.

If you'd like us to change your payment date, please get in touch. If you pay by Direct Debit, we'll update it for you. Changing your payment date will move you to one single Direct Debit.

If you pay another way, you'll need to make the change to the payment date after you've spoken to us.

I've agreed a payment holiday. Do I need to do anything?

No. Your payment holiday will continue until the agreed date. We'll contact you again when it's about to end.

I'm on a variable rate, do I need to do anything?

No. We'll not make any changes to your rate as part of the changes we're making.

How do I change my interest rate?

If you have a Buy-to-Let mortgage, please speak to your broker to review your account, otherwise, please get in touch with us and we can talk through your options together.

How many statements will I get for each account?

We've included an interim statement for each of your old account numbers. Your next statements will be using your new account numbers. If we've combined any accounts under one account number, you'll receive one statement.

You'll get your next mortgage statement in your anniversary month. This will cover the period from the date of your interim statement to your anniversary date. Future statements will then cover a 12-month period and we'll continue to issue them each anniversary date until you repay your mortgage in full.

Why have I received a statement that doesn't have any transactions on it?

This may be because:

- you completed additional borrowing in September
- you've had your annual statement this month
- your account hasn't been set up long enough so it doesn't show the payments received yet.

Do I need to contact the Department for Work and Pensions (DWP) if they are making some, or all, of my mortgage payments?

No, but the DWP may not change the amount they contribute to your mortgage when we change your monthly payment. It's important you pay the difference between the Support for Mortgage Interest payment and your total monthly payment. You can change your payment amount in the future if the DWP change their contribution.

If you have an Unsecured Personal Loan the DWP payment will only cover your mortgage, so you'll need to continue to pay your Unsecured Personal Loan payment.

How will you report arrears to Credit Reference Agencies?

Changes to how we report arrears to Credit Reference Agencies

Where we've brought your loans under one account, we'll report to Credit Reference Agencies for each new account number.

If you have a Mortgage Plus account, then your secured and unsecured loans will show as sub accounts under one account number. They'll still be reported separately to Credit Reference Agencies.

You need to make sure we receive your monthly payment by the end of the month, as we'll need to report this to Credit Reference Agencies if we don't receive it by this time.

What do I need to do if my Interest Only account is due to be repaid?

If some or all of your account has reached its term end date or you're worried about how to pay the amount owed on interest only – contact our End of Term team on 0800 056 2980 who'll be able to help.

What should I do if I think I might struggle to make my monthly payments?

Help and advice is available for you

We're always here to help if you're having difficulty with money, so please call us on 0808 145 0372 so we can talk about the options together.

There are also other people you can talk to for independent help and advice. If you have any questions, they can talk to us on your behalf if you'd like them to. Here are some services that offer free, impartial support:

Citizens Advice - Call 03444 111 444 www.citizensadvice.org.uk

National Debtline - Call 0808 808 4000 www.nationaldebtline.org

StepChange - Call 0800 138 1111 www.stepchange.org

If you have a small business or are self-employed:

Business Debtline - www.businessdebtline.org



DATA PRIVACY

Data Privacy Notice

Birmingham Midshires is part of Lloyds Banking Group. In our data privacy notice we set out that we'll share your data within Lloyds Banking Group so we can look after your relationship with us. When you make changes to your personal details, we'll update your records across Lloyds Banking Group whenever it is possible to do so. We do this to make sure we always hold the most up to date details for you. For more information about how we process your personal data please read our data privacy notice at

bmmortgages.co.uk/existing-customerssecurity-and-privacy

You'll find more information about Lloyds Banking Group at lloydsbankinggroup.com/our-brands



FEES AND CHARGES

Our Mortgage fees and charges

The following tables show our standard costs and some charges. These can change from time to time, but if they do we'll let you know each year.

During the life of your mortgage, you may wish to make changes and there may be charges for doing so. We'll tell you of any charges in advance, so you will have agreed to them before they become payable. We have not included all the charges you may have to pay, for example a product fee, these will be shown in your Illustration and offer letter.

Standard costs	Amount
If a vacating fee is payable on your mortgage account, we will tell you how much the fee is and whether it can change in the mortgage offer, further advance offer or product transfer offer you have most recently accepted. Where it applies, the amount of the fee will show on your Annual Mortgage Statement and on any Amount Owing Statement. We will also tell you the amount of the fee whenever you ask us to. If the mortgage has run its full term (including any agreed extension and/or term applicable to any further advance) the fee will be waived. Any Early Repayment Charges which apply are shown in your mortgage offer.	
If you get into financial difficulties, you may start incurring additional costs. We will tell you the full details of these costs and when they may apply at that time. The following are the standard costs that may apply:	
Arrears management fee – We may charge you an arrears management fee each time we attempt to contact you. Arrears management fees reflect the extra work we have to do for customers in arrears and what that costs us.	£35

You must also meet other additional costs we incur. These costs include (but are not limited to) some or all of the following work, which may be done by third parties on our behalf, for example:

- Field Agent costs – A Field Agent is a third party who will make a visit to the property to discuss your financial circumstances on behalf of the bank.
- Solicitors' costs – individual to each case.
- Court fees.

Charges	Amount
Property re-valuation fee for additional borrowing – This fee may be payable where you have applied for additional borrowing. It covers the cost of obtaining a valuation of your property where we need to and involves an internal inspection.	from £170
Property re-inspection fee – Release of retentions.	£114
Property re-valuation fee – Release of land. This fee may be payable where you have applied to release part of your land from under the mortgage. It covers the cost of obtaining a valuation of your property where we need to and involves an internal inspection.	from £132.50

