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FCA proposes the next stage of support for mortgage borrowers

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The Financial Conduct Authority (FCA) has announced proposals to ensure that firms provide tailored support to mortgage borrowers who continue to face payment difficulties due to coronavirus.

During the initial phase of the pandemic, payment holidays provided mortgage borrowers with immediate and temporary support. They have helped millions of consumers through the immediate impacts of the current emergency and helped firms provide support at unprecedented scale.

The majority of customers who have had a payment holiday are expected to resume full repayment. However, many will remain in financial difficulty.

The FCA is today publishing additional draft guidance for firms, to ensure that consumers – both those who have benefitted from payment deferrals under the current guidance who continue to face financial difficulties, as well as those whose financial situation may be newly affected by coronavirus after the current guidance ends - get the support they need in these extraordinary times. Some consumers will continue to be impacted by coronavirus while others will be newly impacted in the coming months. Consumers in these situations will benefit from firms providing them with the tailored support that is normally expected, which also needs to reflect the uncertainties and challenges that many customers will face in the coming months.

The current guidance will continue to provide support for those impacted by coronavirus until 31 October 2020 – with consumers able to take a first or second three-month payment deferral. The FCA expects the current guidance to expire on 31 October, but will keep this under review depending on how the wider situation develops.

The draft guidance proposes that firms should consider the appropriateness, and use, of a range of different short and long-term support options to reflect the specific circumstances of their customers. This could include extending the repayment term or restructuring of the mortgage.

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plan to help get them back on track. Firms should not take a one size fits all approach.

Under the proposed guidance, firms should prioritise giving tailored support to borrowers who are at most risk of harm, or who face the greatest financial difficulties.

Firms should also provide borrowers with the support they need in managing their finances, including through self-help and money guidance, and refer borrowers to debt advice if this meets their needs and circumstances.

Where borrowers require further support from lenders, either at the end of payment holidays under our guidance, or where they are in need of support for the first time, this would be reflected on credit files in accordance with normal reporting processes. This will help to ensure that lenders have an accurate picture of consumers' financial circumstances and reduce the risk of unaffordable lending. Firms should be clear about the credit file implications of any forms of support offered to borrowers.

Stakeholders can make comments on this draft guidance by 5pm on Tuesday 1 September 2020.

Notes to editors

1. Read the [guidance consultation](#).
2. Find out more information [about the FCA](#).

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