

Mortgages

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Support for Mortgage Interest

Support for mortgage interest (SMI) is help a claimant may receive towards interest payments on their mortgage or loans that were used for certain repairs and improvements to their home.

Where payable, the housing costs take account of the balance outstanding on the mortgage and other loans secured on the claimants property and is normally paid direct to the claimant's lender.

The support available for interest payments is up to £200,000 of the loan or mortgage. A standard interest rate based on the average mortgage rate published by the Bank of England is used in the calculation.

A mortgage and / or loan specifically used for adaptations to a claimant's property to meet the needs of a disabled person in the household do not count towards the £200,000 limit.

Where the claimant or partner receives any earned income SMI will not be payable for that assessment period or subsequent assessment periods, until they re-qualify for SMI (earned income includes any earnings from work and certain benefits that employers pay including Statutory Sick Pay and Statutory Maternity Pay).

Qualifying period

Claimants may qualify for SMI loan after they have been continuously in receipt of Universal Credit for 9 assessment periods and no earned income for the household was received during that time.

For information on earned income, see Treatment of earnings.

If there is a break in claim or earned income is reported, the qualifying period will start again. There is no linking period.

This also applies where the claimant had completed the qualifying period and SMI loan were being paid. They will have to serve the qualifying period again.

Moving onto Universal Credit from heritage benefits (IS, JSA (IB) or ESA (IR))

Claimants who move onto Universal Credit from IS, JSA (IB) or ESA (IR) or make a claim within one calendar month of that benefit ending, ensuring no earned income is declared the time spent on that benefit will count towards the qualifying period.

There are no income or earnings rules for time spent on IS, JSA (IB) or ESA (IR) but the income rule applies from the date they move to Universal Credit.

Where a SMI loan amount was in payment on the IS, JSA (IB) or ESA (IR) it will continue on the Universal Credit claim unless the claimant or partner have any earned income.

Paying back the loan

SMI is paid as a loan secured by a charge on their property and repayable with interest when:

- the property is sold
- ownership is transferred

The loan can also be repaid on a voluntary basis. The minimum voluntary repayment is £100 unless it is for the outstanding balance; where the minimum amount can be less than £100.

See spotlights on:

- Inputting SMI payments into CPS
- Support for mortgage interest

Mortgage Payment Protection Insurance

Following the introduction of the loans for mortgage interest, Mortgage Payment Protection Insurance (MPPI) policies or any equivalent payments, are no longer taken into account as income in Universal Credit.