

FS 20/14 Mortgages and coronavirus: Additional guidance for firms - Feedback on draft guidance

14 September 2020

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1 Summary

- 1.1 The effects of the coronavirus (Covid-19) pandemic are profound. And these effects have been felt within every industry, affecting millions of consumers and businesses. In the past months, we have intervened to support both consumers and businesses during this period of uncertainty.
- 1.2 This included temporary guidance first published in March 2020 and updated in June (the June Guidance) setting out how we expect firms to support mortgage customers who were facing temporary payment difficulties because of the exceptional circumstances arising out of coronavirus. That guidance set out our expectation that firms offer these customers payment deferrals and refrain from repossessing homes.
- 1.3 That guidance was designed to enable firms to act quickly to deliver immediate and temporary support to their customers, at unprecedented scale, as the coronavirus pandemic and the Government's response to it evolved. This temporary support was designed to help consumers bridge the crisis and get back on their feet. It will continue to provide support for those newly affected by Covid-19 until 31 October 2020 – with consumers able to receive an initial or further 3 month payment deferral from that date that would last until 31 January 2021.
- 1.4 On 31 July, we published a Call for Input seeking views on what support would be needed by consumers who had already had a second payment deferral under the June Guidance or who were experiencing payment difficulties as a result of circumstances relating to Covid-19 once the June guidance was no longer in effect.
- 1.5 On 26 August, we published additional draft guidance for firms setting out that
 - firms should provide tailored support to customers facing financial difficulty as a result of coronavirus
 - this should apply both to customers who have benefitted from payment deferrals under the June guidance and remain in financial difficulty, as well as those who are affected by coronavirus once the June guidance is no longer in effect, and
 - this support provided needs to reflect the uncertainties and challenges that many customers will face in the coming months.
- 1.6 The draft guidance also set out
 - **the key outcomes we want firms to deliver.** These are that:
 - Firms support their customers through a period of payment difficulties, and a period of uncertainty.
 - Customers receive appropriate forbearance that is in their interests after consideration of their individual circumstances.
 - Firms understand and respond to the needs of vulnerable customers.

- Firms have systems, processes and adequately trained staff, with any staff incentives aligned with the need to provide their customers with the help they need.
 - Consumers receive the support they need in managing their finances, including through self-help and money guidance.
 - **what we want firms to do to deliver good forbearance** in the current environment, drawing on our existing published work on the management of mortgage arrears and the application of forbearance. This is intended to support firms in delivering fair customer outcomes in the current exceptional circumstances.
 - where borrowers require further support from lenders, either at the end of payment holidays under our guidance, or where they need support for the first time after our June guidance expires, this would be **reflected on credit files** in accordance with normal reporting processes.
- 1.7 We wanted to act quickly to protect consumers in these difficult times and provide clarity to firms on the fair treatment of consumers unable to resume full payments at the end of a payment deferral. So we did not formally consult on the proposals or produce a cost benefit analysis because the delay would be prejudicial to the interests of consumers. However, we invited comments on our proposals and received 22 responses from consumer organisations, firms and trade bodies. Most respondents supported our proposals. This document summarises the feedback we received on our proposed measures and our response.
- 1.8 The guidance advances our consumer protection objective and is designed to protect consumers by providing them with ongoing support in the light of the current exceptional circumstances. In developing the policy and considering responses, we have had regard to our consumer protection objective, and our market integrity and competition objectives, in particular in considering the different impacts on firms of the proposals.
- 1.9 We do not consider our guidance will adversely affect consumers with protected characteristics under the Equality Act 2010.
- 1.10 We are now publishing our **final guidance**, subject to several changes. These include amendments to:
- clarify our proposals that allow firms to offer broadly appropriate forms of short term support for certain types of customer coming to the end of a payment deferral period without having to demonstrate that this is appropriate for their individual circumstances, providing they review this within 60 days to ensure any ongoing support is appropriate
 - allow firms to adopt this approach for eligible second charge customers, and to offer capitalisation to those customers on the same basis as first charge customers
 - make clear our expectations of firms when responding to customer vulnerabilities in this guidance, rather than referring to our draft vulnerability guidance in GC20/3, to avoid confusion
 - clarify our expectations of firms considering pursuing repossession

- 1.11 The guidance affects mortgage providers and administrators. It also affects authorised firms in respect of unregulated agreements to provide credit that is secured on land. It is also relevant to obligations that authorised and non-authorised persons might have under general consumer protection law.

Supporting borrowers beyond October 31

- 1.12 All respondents to our Call for Input agreed that, once the June guidance ends, firms would need to be flexible and provide a range of short- and long-term support to help these consumers. This flexibility would be particularly important in the case of, for example, further local lockdowns, or in response to changes in employment when the Government's coronavirus job retention scheme ends.
- 1.13 Lenders, their trade bodies and some consumer and debt advice groups felt this support would be best provided by our draft guidance. Other consumer groups, though supportive of our draft guidance, said we should extend the window for people to apply for a payment deferral under our current guidance beyond October 31.
- 1.14 We consider that beyond October 31 consumers will best be protected by firms providing tailored support appropriate to customer circumstances rather than through further blanket payment deferrals. The final guidance published today sets out in detail what we expect to see, and how we expect firms to take account of, and respond to, the changing environment, The June guidance will therefore expire on 31 October.
- 1.15 Customers who have not yet benefitted from an initial or further payment deferral can still request one up until 31 October under our June guidance. Customers facing financial difficulty due to coronavirus and needing support after this date will receive tailored support under our new guidance.
- 1.16 Given ongoing uncertainties arising from the impact of coronavirus, we will keep our position under regular review and will update or amend our guidance, or provide new guidance, if it is required. Monitoring how firms are responding to the changing environment, and the extent to which they are acting in line with our guidance, will also be a supervisory priority.

Next steps

- 1.17 The guidance comes into effect on 16 September 2020.
- 1.18 The guidance applies in the exceptional circumstances arising out of the coronavirus pandemic (Covid-19) and its impact on the financial situation of mortgage customers. It is not intended to have any relevance in circumstances other than those related to coronavirus. It remains in force until varied or revoked.

2 Key issues raised and our response

General

- 2.1 Most respondents agreed that payment deferrals were unlikely to be the right solution for all consumers continuing to face financial difficulties or those newly affected by coronavirus. They agreed it was appropriate for firms to move to providing support that reflected a customer's individual circumstances. As part of this, most respondents agreed that firms would need to consider a range of short- and long-term form of support.
- 2.2 Consumer groups emphasised the need for firms to be flexible and employ a full range of short and long-term forbearance options to support their customers and minimise avoidable financial distress, stress and anxiety experienced by customers in financial difficulty. This includes firms considering the appropriateness of short term arrangements under which the firm permits the customer to make no or reduced payments for a specified period.

Short-term support provided on a cohort basis

- 2.3 Our draft guidance proposed that firms should offer forbearance options to consumers exiting payment deferrals and in payment difficulty in line with the standards of our rules in MCOB 13. This requires firms to provide appropriate forbearance given the individual circumstances of each customer.
- 2.4 However, in the current circumstances we recognised this could be challenging for some firms with high volumes of consumers exiting payment deferrals. Firms may wish to offer what they consider to be broadly appropriate forms of short-term support for certain types of customer without considering whether they are appropriate given the individual circumstances of each customer.
- 2.5 We therefore proposed allowing firms, in some cases, to offer forbearance without having to demonstrate how this was appropriate for a customer's individual circumstances. We also set out that
 - a) this approach would not be suitable for certain types of customer (e.g. those in arrears, second charge borrowers, those with a short remaining term) and
 - b) firms should review the appropriateness of ongoing arrangements within 60 days to mitigate the risk of harm if it turned out the forbearance provided was not appropriate.

Issues raised

- 2.6 Both industry respondents and consumer organisations acknowledged that providing short-term forbearance to some consumers in this way, without an assessment of individual circumstances, could help to deal with the volume of consumers coming to the end of a payment deferral who need further support.
- 2.7 Some lenders and trade bodies did not feel it was necessary, noting they were ready and able to provide tailored support to all customers. Others welcomed the flexibility

but were concerned it could promote further blanket payment deferrals for certain groups of consumers - or indeed that it required firms to offer this - contrary to the intention of the guidance to provide more tailored support. These respondents also expressed concern that consumers could misunderstand the proposal as meaning a further payment deferral under our current guidance (i.e. which would not be reported to a consumer's credit file).

- 2.8 Some industry respondents asked for greater clarity on how the approach to segmenting 'cohorts' differed from assessing appropriateness for customer's individual circumstances including how it would work in practice. Others asked whether any short-term support, even that based on an assessment of the individual circumstances of the customer, needed to be limited to 60 days.
- 2.9 Others sought clarity on the customer characteristics firms needed to consider when segmenting and prioritising customers who needed more tailored support from those who could be offered short-term support before carrying out a more in-depth review of their circumstances.
- 2.10 One firm argued that 60 days to review customers under the proposal was insufficient and that a 90-day period was needed to make it work.
- 2.11 A consumer representative wanted us to clarify that where such short-term forbearance was provided via digital channels or an automated approach, customers could request support through a non-digital channel, for example to ask questions or discuss a broader range of options, if needed.
- 2.12 Several lenders and trade bodies challenged why it was appropriate for second charge customers to be excluded from this approach.

Our response

- 2.13 The guidance confirms our proposals to require firms to offer support to consumers exiting payment deferral, where they indicate they cannot resume full contractual payments.
- 2.14 We confirm that firms can initially choose to do this without having to meet the standards in MCOB 13 to demonstrate the appropriateness of any proposed solution given the consumer's individual circumstances, having identified the types of customers for whom this approach is suitable and assessed that the further temporary support they will receive under the approach is likely to be appropriate for them.
- 2.15 We have also confirmed that, where a firm uses this approach, it must review the circumstances of these customers and ensure any ongoing forbearance solution is appropriate for their individual circumstances, in accordance with the requirements in MCOB 13, within 60 days. We consider 60 days is an appropriate period to help firms deal with the operational challenges of large numbers of customers exiting payment deferrals while mitigating the risk that any short-term forbearance option provided under this arrangement is inappropriate for them.
- 2.16 We have clarified our guidance to confirm this does not need to be offered on a 'cohort' basis and that firms are not required to adopt this approach. Firms can instead offer forbearance to all customers in financial difficulty in a way that is aligned with the requirements in MCOB 13.

- 2.17 Our guidance confirms our view that this approach will not be appropriate for every customer and we include a non-exhaustive list of customers for whom this approach will not be appropriate. We have provided further guidance that this includes customers who have high levels of overall debt or who are having difficulty maintaining other debts (in addition to their mortgage). Firms should also offer customers the option of requesting an assessment based on their individual circumstances.
- 2.18 We have also amended the guidance to say that this approach is also available to second charge firms. While our engagement with firms had shown they did not expect to face similar volume challenges as some first charge firms, we consider it appropriate that the same flexibility is available to them should it be needed.

Second charge mortgages

- 2.19 Our previous supervisory work has shown, in certain cases, a heightened risk of poor outcomes for consumers with some second charge mortgages. In particular, a greater concentration of products with high interest rates can increase the risk of a significantly escalating balance that make it harder for the customer to recover their position. Our supervisory work has also shown a range of good and poor practice in mitigating this risk.
- 2.20 Our draft guidance therefore proposed a different approach for second charge mortgages in two areas, by:
- Setting out that while first charge firms could capitalise the deferred payment arising from a second deferral unless the customer objected, second charge firms could only do so as part of agreeing appropriate forbearance with the customer. This reflected the risk that capitalisation of up to 6 months of deferrals at higher interest rates could lead to payments being unsustainable for the customer.
 - Highlighting the importance to these firms of considering using a range of forbearance options, including options beyond those listed in MCOB. These could include applying simple interest rather than compound to any payment shortfall, or reducing the interest rate charged on these sums (in some cases to 0%). This reflected the best practice we have seen by some second charge firms.

Issues raised

- 2.21 Trade bodies and one firm expressed concern that differentiating the approach for second charge in this way could lead to poor outcomes for consumers - and challenged whether the approach was justifiable.
- 2.22 Second charge firms expressed concern that customers who failed to engage with their forbearance options could, as a result of not capitalising the deferred payments, end up with significant payment shortfalls. Lenders also expressed concern that the customer journey could be complicated by two different approaches, where a customer had both a first charge and second charge product.
- 2.23 Some second charge lenders also misinterpreted the guidance as meaning that they could not capitalise the shortfall of any customer ending a second payment deferral,

even where the customer was able to resume payments. And that this was a change of policy from the June guidance.

- 2.24 Second charge firms queried why the guidance relating to escalating balances was directed at only at second charge firms, given high interest rates can occur in the first charge market, including the sub-prime market.
- 2.25 Consumer representatives and debt advice organisations welcomed the approach directing lenders to consider the harm that can result from escalating balances and suggesting firms should be required to provide forbearance that mitigated this.

Our response

- 2.26 The final guidance confirms lenders, including second-charge lenders, can capitalise on an opt-out basis for customers able to resume payments, including those assumed to be in this position because of non-response. This extends to those whose payment deferrals end after the June guidance expires on 31 October. We have amended the guidance to make this clear.
- 2.27 We recognise there can be potential advantages and drawbacks to consumers from capitalising the deferred amounts. Having considered the feedback on the differentiated approach to capitalisation for second charge customers, we have decided to align the approach with that for first charge mortgages. This means that all firms may proceed with capitalisation where the customer does not object, and focus on providing appropriate forbearance in response to the customer's ongoing payment difficulties.
- 2.28 We recognise that the risk of high interest rates leading to escalating balances is not limited to second charge mortgages, and is not necessarily reflective of the whole sector, but our supervisory work has shown that it is much more likely. This work has also shown a range of good and bad practice by firms in mitigating that risk, which we have previously communicated in individual guidance to certain firms.
- 2.29 A key objective of the guidance was to set out what we want firms to do to deliver good forbearance in the current environment, drawing on good and bad practice. Firms should consider a wide range of forbearance options, including best practice, to ensure that consumers whose financial situation is affected by coronavirus receive the necessary degree of consumer protection. So we highlight the good practice we have observed in the market. We have amended the guidance to make this clearer.

Vulnerable consumers

Issues raised

- 2.30 Our draft guidance set out how we expected firms to recognise and respond to the needs of vulnerable consumers – including setting out that firms should have regard to our [Guidance for firms on the fair treatment of vulnerable consumers](#) (GC 20/3).
- 2.31 Consumer groups and industry respondents supported our focus on vulnerability. However, industry respondents challenged the appropriateness of saying firms should have regard to the draft guidance, given it is not yet in effect. Industry stakeholders also wanted us to clarify that the draft vulnerability guidance would not apply retrospectively, including to the granting of payment deferrals under the June guidance.

- 2.32 Industry respondents also highlighted that the proposals place emphasis on firms playing a proactive role in identifying vulnerable consumers which would be difficult to achieve under current circumstances.
- 2.33 Some consumer groups also noted that while lenders using digital tools would help them deal with high volumes of consumers requiring further forbearance, they should be aware that consumers displaying characteristics of vulnerability may prefer to speak to an agent or need a more tailored assessment.

Our response

- 2.34 We have removed the reference to the draft vulnerability guidance as it is not yet in force. However, we remind firms that the guidance builds on our existing Principles for Business and Approach to Consumers. We expect firms to pay attention to indicators of potential vulnerability and to have policies in place to respond to vulnerable customers' needs. Our consumer research shows that between February and June 2020, the number of consumers who are displaying characteristics of vulnerability increased, in particular due to lower financial resilience. Even though GC 20/3 is not yet final, or in force, it can be a helpful resource for firms looking for examples and illustrations of best practice.
- 2.35 Firms should be reviewing their policies to ensure they are fit for purpose and be planning to accommodate the vulnerability guidance.
- 2.36 Our guidance is clear that where firms employ digital processes to engage with their customers and provide support, they should also give these customers the option to speak to an agent and request the firm takes account of their individual circumstances. Customers will have different needs and preferences with regards to engaging via digital or more traditional channels and firms should ensure that, where they are able to offer a choice of communication channel, that they make it easy for consumers to express a preference.

Credit reference agency reporting

Issues raised

- 2.37 Most firms and trade bodies, along with some consumer groups, supported a return to normal reporting to consumers' credit files. However, some consumer groups opposed this, particularly in cases where firms offer further short term reduced payment arrangements as a forbearance option. These respondents felt that no temporary forbearance relating to coronavirus should be reported to credit files and that this should continue beyond October 2020.
- 2.38 An industry respondent questioned the approach that should be taken to deferred amounts where these were not capitalised and where no other agreement to repay them was agreed. They suggested that firms should be able to report missed payments to credit files if customers opted-out of capitalisation and failed to agree an alternative mechanism to repay deferred amounts within a reasonable period.

Our response

- 2.39 We recognise these concerns. But suspending normal credit file reporting was an exceptional temporary measure and cannot continue indefinitely. Accurate credit reporting is essential to responsible lending and preventing individual over

indebtedness. And firms need to have confidence in the integrity of the credit reporting system to have the confidence to extend credit in future.

- 2.40 The final guidance confirms that where a customer has had payment deferrals under our June guidance, firms should report further support or forbearance as normal on that customer's credit file. This guidance also sets out the broad principles of how we consider normal credit reporting should resume once payment deferrals taken under the June guidance come to an end.
- 2.41 We recognise that payment deferrals taken under our guidance may give rise to scenarios that are not specifically catered for by normal reporting processes. We also agree that there may be scenarios, including in relation to agreements made to repay payment shortfalls, or where customers unreasonably refuse to engage with lenders to agree a mechanism to repay payment shortfalls, where it may be appropriate for missed payments to be reported to credit files. We consider that the principles set out in our guidance provide the appropriate framework and we will continue to work with CRA's and lenders to address any issues that arise to ensure that consumers receive fair and consistent outcomes

Repossessions

- 2.42 Our draft guidance set out that, once the repossession moratorium contained in the June guidance has ceased to have effect, we would not expect firms to seek possession in cases where
- the payment shortfall arose purely because of a payment deferral taken under our guidance
 - a local or national lockdown was in effect
 - someone was shielding or self-isolating due to coronavirus.

Issues raised

- 2.43 Firms agreed with the spirit of this, but asked what evidence they should expect someone to provide to prove they were affected, and whether it could be open to abuse. They also said in general that repossession was always a last resort, and the matter should be left to the Courts, noting customers could apply to suspend the warrant rather than the firm being under a duty not to enforce.
- 2.44 Some industry stakeholders voiced concern at the practicalities of tracking the impact of the payment deferral long-term. They were also concerned that the guidance could restrict their ability to take possession proceedings in future including in cases where a consumer purposely refused to engage with the firm to agree a reasonable arrangement to pay down sums outstanding.
- 2.45 A consumer organisation was concerned that our guidance does not specify a minimum payment shortfall before lenders can commence possession action. They highlighted this would lead to inconsistency between the treatment of consumers who benefited from payment deferral under the June guidance and those who did not.
- 2.46 Another felt that our protections against future repossession didn't go far enough. They felt that if all other forbearance options had been exhausted that a lender should be required to offer further payment deferrals to prevent repossession. They

were particularly concerned that our guidance doesn't set out greater protection against repossession for vulnerable consumers and argued that it can never be in a customer's best interest.

Our response

- 2.47 We have clarified that a firm should not seek repossession, or a warrant of restitution, where it has reasonable grounds to believe that a relevant lockdown is in force or that a customer is self-isolating. We do not expect firms to proactively identify this, but where a customer raises it we expect them to treat that customer fairly.
- 2.48 Our guidance, and MCOB 13 are clear, that repossession should only take place when all other reasonable attempts to resolve the position have failed. We expect firms to take an approach aligned with our expectations of the fair treatment of customers under Principle 6, including taking account of any relevant customer vulnerabilities, for example in considering how to treat a customer who is shielding.
- 2.49 The Courts have a role to play and pre-action protocols provide additional protections to mortgage customers facing repossession.
- 2.50 We have also confirmed in the final guidance our expectation that a firm should not take steps to repossess the property as a result purely of a payment deferral provided under our June guidance, unless the customer is unreasonably refusing to engage with the firm in relation to addressing a shortfall.
- 2.51 We do not agree that repossession can never be in a customer's best interest. And the moratorium on repossession contained in the June guidance was always intended to be temporary in nature. It may be in a borrower's best interest to allow the lender to take possession, for example, where there is no realistic prospect of rehabilitation and the balance of the loan is escalating and eroding equity, or to minimise a post-sale shortfall. However, where there is little prospect of a borrower in payment shortfall getting back on track, we encourage lenders to consider whether they can support borrowers with assisted voluntary sales to avoid repossession and minimise the financial impact on them.

Personalised information

Issues raised

- 2.52 A trade body and some firms were concerned that our expectation that firms provide information to consumers to enable them to understand their financial options and the implications of any arrangements went beyond the expectations of our current rules in MCOB 13. They were unclear whether this expectation related to the communications for consumers exiting a payment deferral or following the provision of further forbearance.

Our response

- 2.53 Our June guidance sets out the expectations for communications with consumers at the end of a payment deferral. When providing information to customers generally about the impact of any payment shortfall or forbearance provided, firms should be mindful of the information needs of consumers under Principle 7 and the requirements under MCOB 13. We have amended the guidance, and do not intend to

set expectations at a higher standard than that required by MCOB 13. The guidance also emphasises the need, in the current circumstances, for firms to explain the impact of any further forbearance on a customer's credit file.

Debt help and money advice

Issues raised

- 2.54 Trade bodies and firms were concerned that our proposals could put firms at risk of inadvertently straying into debt advice and noted they should refer customers to debt advice organisations who are better placed to help with debt management plans. A consumer organisation welcomed our proposals to ensure lenders would refer to free debt advice firms.
- 2.55 Firms and trade bodies also noted that sharing a record of any income and expenditure assessment with borrowers and third parties would be difficult to operationalise. They also noted some concerns with any requirement by lenders to rely on information gathered by other lenders. This is because of possible inconsistencies on how and what information is captured and recorded, as well as how it would be used by consumers and third parties to inform any debt management plans.

Our response

- 2.56 We are clear that firms should not provide regulated debt advice unless they are authorised to do so. Our guidance is intended to assist firms who wish to help customers in financial difficulty by clarifying what information firms can and may wish to provide. Our guidance is intended to illustrate steps firms can take to support customers without providing regulated debt advice. Firms should have regard to [chapter 17 of PERG](#) in our Handbook which provides guidance on the regulated activity of debt counselling.
- 2.57 We accept that not all firms will be able to provide suitable money guidance to consumers and we have clarified that our guidance does not place an obligation on those firms to do so, or to refer to someone who can. However, we are clear that where firms are not providing money guidance they should sign-post or refer consumers to an appropriate source of money guidance or free debt advice, including our consumer webpages and the [Money Advice Service's Money Navigator Tool](#).
- 2.58 It is also not our intention to require firms to rely on information collected by third-parties. We accept that lenders' systems and process may not enable them to share income and expenditure assessment documentation with their customers or third parties. We have amended our guidance to clarify there is no obligation on firms to do this but where possible we encourage firms to do so.

Arrears and capitalisation

Issues raised

- 2.59 A firm asked whether it would be appropriate under this guidance to capitalise modest amounts of existing arrears incurred prior to a consumer's payment deferral taken under the June guidance. The firm argued that there would be benefits to

consumers under this approach, including consumers' credit records improving faster thereby improving the prospects of switching to a cheaper loan.

Our response

- 2.60 We have not amended the draft guidance as we believe that our rules are clear on the approach that firms should take to providing appropriate arrangements for customers in payment shortfall, including considerations concerning capitalisation.
- 2.61 Our rules do not prevent capitalisation but require a consideration of a range of forbearance options considering a customer's individual circumstances before doing so. This guidance only allows firms to automatically capitalise payment deferrals (subject to consumer opt out) provided under our coronavirus guidance.

Other issues raised

Definition of sustainability

- 2.62 Our draft guidance set out that firms need to ensure that they agree arrangements with their customers on sustainable terms, taking account of their individual circumstances. Respondents welcomed this. One respondent sought clarification on whether we meant sustainable from the point of view of temporary difficulties, or in the longer-term. The guidance refers to sustainability in the short and long term. And firms, particularly in these challenging times, should review arrangements regularly to ensure their sustainability for the customer.

Support for pre-arrears customers

- 2.63 One lender trade body asked us to confirm that firms can apply MCOB 13.3.2AR (6) and 13.3.4AR to pre-arrears customers who indicate to the firm that they are in financial difficulty and unable to pay but not in payment shortfall.
- 2.64 The guidance already made clear that when a customer contacts a firm seeking support before missing a payment, the firm should offer prospective forbearance, including consideration of the range of forbearance tools set out in MCOB 13.3.4AR.

Consumer awareness of support available

- 2.65 Several consumer groups and one trade body said that lenders should make available, for example on their websites, information about the range of options they can consider when a customer is facing financial difficulties. This will enable customers and those advising them to understand and evaluate the options.
- 2.66 We understand many mortgage lenders do this already, and we have amended the guidance to reflect this.

Taking account of wider indebtedness

- 2.67 A trade body and several firms queried whether the guidance required firms to consider both priority and unsecured debts when agreeing sustainable arrangements with customers experiencing payment difficulties.
- 2.68 We have amended our guidance to reflect that, aligned with our current arrears and forbearance rules, mortgage firms are not required to consider unsecured debts when agreeing forbearance, unless these are priority debts.