

## SCHEDULE 1

Regulation 3(2)(a)

### Meaning of owner-occupier payments

## PART 1

### Legacy benefit claimants and SPC claimants

#### Application of Part 1

1. This Part applies to legacy benefit claimants and SPC claimants.

#### Payments of interest on qualifying loans and alternative finance payments

- 2.—(1) “Owner-occupier payments” means—

- (a) payments of interest on a loan which qualifies under sub-paragraph (2) or (4); and
- (b) in respect of an SPC claimant only, alternative finance payments within the meaning of paragraph 5(3).

(2) A loan qualifies under this sub-paragraph where the loan was taken out to defray monies applied for any of the following purposes—

- (a) acquiring an interest in the relevant accommodation; or
- (b) paying off another loan which would have qualified under paragraph (a) had it not been paid off.

(3) For the purposes of sub-paragraph (2), references to a loan also include a reference to money borrowed under a hire purchase agreement, as defined in section 189 of the Consumer Credit Act 1974<sup>(1)</sup>, for any purpose specified in paragraph (a) or (b) of sub-paragraph (2).

(4) A loan qualifies under this sub-paragraph if it was taken out, with or without security, for the purpose of—

- (a) carrying out repairs and improvements to the relevant accommodation;
- (b) paying any service charge imposed to meet the cost of repairs and improvements to the relevant accommodation;
- (c) paying off another loan that would have qualified under paragraphs (a) and (b) had it not been paid off,

as long as the loan is used for that purpose within 6 months beginning with the date of receipt or as soon as reasonably practicable.

(5) In sub-paragraph (4), “repairs and improvements” means any of the following measures undertaken with a view to maintaining the fitness of the relevant accommodation, or any part of the building containing the relevant accommodation, for human habitation—

- (a) provision of a fixed bath, shower, wash basin, sink or lavatory, and necessary associated plumbing, including the provision of hot water not connected to a central heating system;
- (b) repairs to existing heating systems;
- (c) damp proof measures;
- (d) provision of ventilation and natural lighting;
- (e) provision of drainage facilities;

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(1) 1974 c. 39.

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- (f) provision of facilities for preparing and cooking food;
- (g) provision of insulation;
- (h) provision of electric lighting and sockets;
- (i) provision of storage facilities for fuel or refuse;
- (j) repairs of unsafe structural defects;
- (k) adapting the accommodation for the special needs of a disabled person; or
- (l) provision of separate sleeping accommodation for persons of different sexes aged 10 or over but under the age of 20 who live with the claimant and for whom the claimant or the claimant's partner is responsible.

(6) Where a loan is applied only in part for the purposes specified in sub-paragraph (2) or (4), only that portion of the loan which is applied for that purpose shall qualify.

### **Loans incurred during relevant period**

3.—(1) Subject to sub-paragraph (5), loans which, apart from this paragraph, qualify under paragraph 2(2) or (4) shall not so qualify where the loan was incurred during the relevant period.

(2) The “relevant period” for the purposes of this paragraph is any period during which the person to whom the loan was made—

- (a) is entitled to, or is treated as entitled to, a legacy benefit or state pension credit; or
- (b) is living as a member of a family one of whom is entitled to, or is treated as entitled to, a legacy benefit or state pension credit,

together with any period falling between two such periods of entitlement separated by not more than 26 weeks.

(3) For the purposes of sub-paragraph (2), a person shall be treated as entitled to either a legacy benefit or state pension credit during any period when the person, the person's partner, or, where that person is a member of a joint-claim couple, the other member of that couple was not so entitled because—

- (a) that person, the person's partner or, where that person is a member of a joint-claim couple, the other member of that couple, was participating in an employment programme specified in regulation 75(1)(a) of the JSA Regulations(2); and
- (b) in consequence of such participation that person, the person's partner, or, where that person is a member of a joint-claim couple, the other member of that couple, was a person engaged in remunerative work and had income equal to or in excess of the applicable amount.

(4) Where a loan which qualifies under paragraph 2(2) was incurred during the relevant period—

- (a) for paying off an earlier loan, and that earlier loan qualified under paragraph 2(2) and was incurred during the relevant period; or
- (b) to finance the purchase of a property where an earlier loan, which qualified under paragraph 2(2) or (4) and was incurred during the relevant period in respect of another property, is paid off (in whole or in part) with monies received from the sale of that property,

then the amount of the loan to which sub-paragraph (1) applies is the amount (if any) by which the new loan exceeds the earlier loan.

(5) Loans taken out during the relevant period shall qualify as loans under paragraph 2(2) or (4), where a claimant satisfies any of the conditions specified in sub-paragraphs (6), (8) and (9), but—

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(2) Regulation 75(1)(a) was substituted by [S.I. 2012/2568](#).

- (a) where the claimant satisfies the condition in sub-paragraph (6), [<sup>F1</sup>the amount of each loan payment calculated under regulation 10] shall be subject to the additional limitation imposed by sub-paragraph (7); and
  - (b) where the claimant satisfies the conditions in more than one of these sub-paragraphs, only one sub-paragraph shall apply in the claimant's case, which shall be the one most favourable to the claimant.
- (6) The first condition is that—
- (a) during the relevant period, the claimant or a member of the claimant's family acquires an interest ("the relevant interest") in the relevant accommodation; and
  - (b) in the week preceding the week in which the relevant interest was acquired, the claimant or a member of the claimant's family was entitled to housing benefit.
- (7) Where the condition in sub-paragraph (6) is satisfied, the amount of the loans which qualify shall initially not exceed the aggregate of—
- (a) the housing benefit entitlement referred to in sub-paragraph (6)(b); and
  - (b) any amount included in the applicable amount of the claimant or a member of the claimant's family [<sup>F2</sup>relating to housing costs] in that week,
- and shall be increased subsequently only to the extent that it is necessary to take account of any increase in the standard rate under regulation 13 arising after the date of acquisition.
- (8) The second condition is that the loan was taken out, or an existing loan increased, to acquire alternative accommodation more suited to the needs of a disabled person than the relevant accommodation which was occupied before the acquisition by the claimant.
- (9) The third condition is that—
- (a) the loan commitment increased in consequence of the disposal of the relevant accommodation and the acquisition of alternative accommodation; and
  - (b) the change of accommodation was made solely by reason of the need to provide separate sleeping accommodation for persons of different sexes aged 10 or over but under the age of 20 who live with the claimant and for whom the claimant or the claimant's partner is responsible.

**F1** Words in Sch. 1 para. 3(5)(a) substituted (6.4.2018) by [The Loans for Mortgage Interest and Social Fund Maternity Grant \(Amendment\) Regulations 2018 \(S.I. 2018/307\)](#), regs. 1(2), **2(14)(a)**

**F2** Words in Sch. 1 para. 3(7)(b) inserted (6.4.2018) by [The Loans for Mortgage Interest and Social Fund Maternity Grant \(Amendment\) Regulations 2018 \(S.I. 2018/307\)](#), regs. 1(2), **2(14)(b)**

## PART 2

### UC claimants

#### Application of Part 2

4. This Part applies to UC claimants.

#### Payments of interest on loans and alternative finance payments

- 5.—(1) "Owner-occupier payments" means—

- (a) payments of interest on a loan which qualifies under sub-paragraph (2);

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- (b) alternative finance payments within the meaning of sub-paragraph (3).
- (2) A loan qualifies under this sub-paragraph if it is secured on the relevant accommodation.
- (3) “Alternative finance payments” means payments that are made under alternative finance arrangements which were entered into to enable a person to acquire an interest in the relevant accommodation.
- (4) “Alternative finance arrangements” has the meaning given in Part 10A of the Income Tax Act 2007<sup>(3)</sup>.

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(3) 2007 c. 3. Part 10A was inserted by section 365 of, and Part 1 of Schedule 2 to, the Taxation (International and Other Provisions) Act 2010 (c. 8).

**Changes to legislation:**

There are currently no known outstanding effects for the The Loans for Mortgage Interest Regulations 2017, SCHEDULE 1.