

SCHEDULE 4

Regulation 17

Direct payments to qualifying lenders

**Direct payments**

1. Each loan payment made to a qualifying lender directly under regulation 17(1) shall be the amount calculated under paragraph 2 <sup>F1</sup>... of this Schedule.

**F1** Words in Sch. 4 para. 1 omitted (6.4.2018) by virtue of [The Loans for Mortgage Interest and Social Fund Maternity Grant \(Amendment\) Regulations 2018 \(S.I. 2018/307\)](#), regs. 1(2), **2(17)(a)**

**[<sup>F2</sup>Determining the amount to be paid to a qualifying lender: one or more qualifying loans**

2.—(1) Where one qualifying loan or alternative finance arrangement has been provided to a claimant by a qualifying lender, the amount that is to be paid direct to that lender is the amount of each loan payment.

(2) Where more than one qualifying loan or alternative finance arrangement has been provided to a claimant by a qualifying lender, the amount that is to be paid direct to that lender is the amount of each loan payment in respect of each of those loans or alternative finance arrangements added together.]

**F2** Sch. 4 para. 2 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(17)(b)**

**Determining the amount to be paid to a qualifying lender: more than one qualifying loan**

<sup>F3</sup>3. ....

**F3** Sch. 4 para. 3 omitted (6.4.2018) by virtue of [The Loans for Mortgage Interest and Social Fund Maternity Grant \(Amendment\) Regulations 2018 \(S.I. 2018/307\)](#), regs. 1(2), **2(17)(c)**

**Qualifying lenders to apply direct payments to discharge of claimant’s liability**

4. Where a direct payment is made under regulation 17(1) to a qualifying lender, the lender must apply the amount of the payment determined under either paragraph 2 or 3 of this Schedule towards discharging the claimant’s liability to make owner-occupier payments in respect of which the direct payment was made.

**Application by qualifying lenders of any amount which exceeds liability**

5.—(1) Where—  
(a) a direct payment is made to a qualifying lender under regulation 17(1); and  
(b) the amount paid exceeds the claimant’s liability to make owner-occupier payments to the qualifying lender,

the qualifying lender must apply the amount of excess in accordance with sub-paragraph (2).

(2) Subject to sub-paragraph (3), the qualifying lender must apply the amount of excess as follows—

**Changes to legislation:** There are currently no known outstanding effects for the The Loans for Mortgage Interest Regulations 2017, SCHEDULE 4. (See end of Document for details)

- (a) first, towards discharging the amount of any liability of the claimant for arrears of owner-occupier payments in respect of the qualifying loan or alternative finance arrangement in question;
  - (b) if any amount of the excess is then remaining, towards discharging any liability of the claimant to repay—
    - (i) the principal sum in respect of the qualifying loan or alternative finance arrangement; or
    - (ii) any other sum payable by the claimant to that lender in respect of that qualifying loan or alternative finance arrangement.
- (3) Where owner-occupier payments on two or more qualifying loans or alternative finance arrangements are payable to the same qualifying lender, the lender must apply the amount of the excess as follows—
- [<sup>F4</sup>(a) first, towards discharging the amount of any liability of the claimant for arrears of owner-occupier payments in respect of the qualifying loan or alternative finance arrangement in respect of which the excess amount was paid;
  - (b) if any amount of the excess is then remaining, towards discharging any liability of the claimant to repay—
    - (i) in respect of the loan or alternative finance arrangement referred to in paragraph (a), the principal sum or any other sum payable by the claimant to that lender; or
    - (ii) in respect of any other loan or alternative finance arrangement, any sum payable by the claimant to that lender where the liability to pay that sum is not already discharged.]

**F4** Sch. 4 para. 5(3)(a)(b) 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(17)(d)**

**Fees payable by qualifying lenders**

<sup>F5</sup>6. ....

**F5** Sch. 4 para. 6 omitted (3.8.2020) by virtue of [The Loans for Mortgage Interest \(Transaction Fee\) \(Amendment\) Regulations 2020 \(S.I. 2020/666\)](#), regs. 1(2), **2**

**Election not to be regarded as a qualifying lender**

7.—(1) A body or person who would otherwise be within the definition of “qualifying lender” in the Act—

- (a) may elect not to be regarded as such for the purposes of these Regulations by giving notice to the Secretary of State in writing; and
- (b) may revoke any such notice by giving a further notice in writing.

(2) In respect of any financial year, a notice under sub-paragraph (1) which is given not later than 1st February before the start of the financial year, takes effect on 1st April following the giving of the notice.

(3) Where a body or person becomes a qualifying lender in the course of a financial year—

- (a) any notice of an election by the body or person under sub-paragraph (1)(a) must be given within 6 weeks (“the initial period”) beginning with the date on which the body or person becomes a qualifying lender; and

- (b) no direct payments may be made under regulation 17(1) to the body or person before the expiry of the initial period.
- (4) Sub-paragraph (3)(b) does not apply in any case where—
  - (a) the person or body gives the Secretary of State notice in writing that that provision should not apply; and
  - (b) the notice is given before the start of the initial period or before that period expires.
- (5) In relation to a notice under sub-paragraph (1)—
  - (a) where the notice is given by an electronic communication, it must be given in accordance with Schedule 2 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013<sup>(1)</sup>;
  - (b) where the notice is sent by post, it is to be treated as having been given on the day the notice was received.

### **Provision of information**

**8.—(1)** A qualifying lender must, in respect of the claimant, provide the Secretary of State with information as to—

- (a) the owner-occupier payments payable by the claimant to the lender;
- (b) the amount of the qualifying loan or alternative finance arrangement in respect of which owner-occupier payments are payable;
- (c) the purpose for which the qualifying loan or alternative finance arrangement was made;
- (d) the amount outstanding on the qualifying loan or alternative finance arrangement;
- (e) the amount of arrears of owner-occupier payments due in respect of the qualifying loan or alternative finance payment;
- (f) any change in the owner-occupier payments payable by the claimant to the lender; and
- (g) the redemption of the qualifying loan or alternative finance arrangement,

in the circumstances specified in sub-paragraphs (2), (3) and (6).

(2) The information referred to in sub-paragraph (1)(a) to (e) must be provided at the request of the Secretary of State where the claimant has made a claim for a qualifying benefit, provided that the Secretary of State may only make one request under this sub-paragraph.

(3) The information referred to in sub-paragraph (1)(d) and (f) must be provided where the Secretary of State makes a request for that information on or after the first day in respect of which loan payments are paid, or to be paid, to the qualifying lender on behalf of the claimant (“the first day”), provided that the Secretary of State may only make a request under this sub-paragraph once in each period of 12 months referred to in sub-paragraph (4).

(4) The period of 12 months is the period of 12 months beginning with the first day and each subsequent period of 12 months commencing on the anniversary of that day.

(5) A request may be made under paragraph (3) for the information referred to in sub-paragraph (1)(d) even though that information has been requested in the same 12 month period (as referred to in sub-paragraph (4)) under sub-paragraph (2).

(6) The information referred to in sub-paragraph (1)(g) must be provided to the Secretary of State as soon as reasonably practicable once the qualifying lender has received notice that the qualifying loan or alternative finance arrangement is to be redeemed.

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(1) [S.I. 2013/380](#).

### **Recovery of sum wrongly paid**

**9.**—(1) In the following circumstances, a qualifying lender must at the request of the Secretary of State repay any amount paid to the lender under regulation 17(1) which ought not to have been paid.

(2) The circumstances are that, in respect of a claimant—

- (a) the loan payments are terminated under regulation 9(2);
- (b) the qualifying loan or alternative finance arrangement in respect of which owner-occupier payments are made has been redeemed; or
- (c) both of the conditions in sub-paragraphs (3) and (4) are met.

(3) The first condition is that the amount of each loan payment determined under regulation 10 is reduced as a result of—

- (a) the standard rate determined under regulation 13 having been reduced; or
- (b) the amount outstanding on the qualifying loan or alternative finance arrangement having been reduced.

(4) The second condition is that no corresponding reduction was made to the amount calculated in respect of the qualifying lender under paragraph 2 or 3 of this Schedule.

(5) A qualifying lender is not required to make a repayment in the circumstances described in sub-paragraph (2)(a) unless the Secretary of State's request is made before the end of the period of two months starting with the date on which the loan payments are terminated.

**Changes to legislation:**

There are currently no known outstanding effects for the The Loans for Mortgage Interest Regulations 2017, SCHEDULE 4.