



Welfare Reform and Work Act 2016

2016 CHAPTER 7

Loans for mortgage interest etc

18 Loans for mortgage interest etc

- (1) The Secretary of State may by regulations provide for loans to be made in respect of a person's liability to make owner-occupier payments in respect of accommodation occupied by the person as the person's home.
- (2) The regulations may make provision about eligibility to receive a loan under the regulations.
- (3) Regulations under subsection (2) may in particular require that a person—
 - (a) is entitled to receive income support, income-based jobseeker's allowance, income-related employment and support allowance, state pension credit or universal credit;
 - (b) has received such a benefit for a period prescribed by the regulations.
- (4) The regulations may make provision about the liabilities in respect of which a loan under the regulations may be made.
- (5) Regulations under subsection (4) may in particular provide that a loan under the regulations may only be made if, and to the extent that, a person's liability to make owner-occupier payments was incurred for purposes prescribed by the regulations.
- (6) Regulations under subsection (4) may in particular make provision about—
 - (a) determining or calculating the amount of a person's liabilities;
 - (b) the maximum amount of a person's liabilities in respect of which a loan under the regulations may be made.
- (7) The regulations may—
 - (a) make provision about determining or calculating the amount that may be paid by way of loan under the regulations;
 - (b) require that a loan under the regulations be secured by a mortgage of or charge over a legal or beneficial interest in land or, in Scotland, by a heritable security.

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- (8) The regulations may define “owner-occupier payment”.
- (9) Regulations under this section may make different provision for different purposes.
- (10) Regulations under this section must be made by statutory instrument.
- (11) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.

Commencement Information

II [S. 18](#) in force at 3.4.2017 by [S.I. 2017/111](#), [reg. 3\(d\)](#)

19 Section 18: further provision

- (1) This section makes further provision about regulations under section 18.
- (2) The regulations may make provision about—
 - (a) circumstances in which a person is to be treated as liable or not liable to make owner-occupier payments;
 - (b) circumstances in which a person is to be treated as occupying or not occupying particular accommodation as a home.
- (3) The regulations may include—
 - (a) provision about applying for a loan;
 - (b) provision requiring a person to satisfy requirements prescribed by the regulations before a loan may be made under the regulations, including requirements about receiving financial advice;
 - (c) provision about entering into an agreement (which may contain such terms and conditions as the Secretary of State thinks fit, subject to what may be provided in the regulations);
 - (d) provision about the time when, and manner in which, a loan must be repaid;
 - (e) provision about other terms upon which a loan is made;
 - (f) provision about the payment of interest, including provision prescribing or providing for the determination of the rate of interest;
 - (g) provision enabling administrative costs to be charged;
 - (h) provision about adding administrative costs to the amount of a loan;
 - (i) provision about accepting substituted security.
- (4) The regulations may make provision—
 - (a) requiring that, in circumstances prescribed by the regulations, money lent in respect of a person's liability to make owner-occupier payments—
 - (i) is paid directly to the qualifying lender;
 - (ii) is applied by the qualifying lender towards discharging the person's liability to make owner-occupier payments;
 - (b) for the costs of administering the making of payments to qualifying lenders to be defrayed, in whole or in part, at the expense of the qualifying lenders, whether by requiring them to pay fees prescribed by the regulations, by deducting and retaining such part as may be prescribed by the regulations of the amounts that would otherwise be paid to them or otherwise;

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- (c) for requiring a qualifying lender, in a case where by virtue of paragraph (b) the amount paid to the lender is less than it would otherwise have been, to credit against the liability in relation to which the amount is paid the amount of the difference (in addition to the payment actually made);
 - (d) for enabling a body which, or person who, would otherwise be a qualifying lender to elect not to be regarded as a qualifying lender for the purposes of this section (other than this paragraph);
 - (e) for the recovery from any body or person—
 - (i) of any sums paid to that body or person by way of payment under the regulations that ought not to have been so paid;
 - (ii) of any fees or other sums due from that body or person by virtue of paragraph (b);
 - (f) for cases where the same person is liable to make owner-occupier payments under more than one agreement to make such payments.
- (5) The regulations may provide for the Secretary of State to make arrangements with another person for the exercise of functions under the regulations.
- (6) The regulations may include—
 - (a) provision requiring information and documents to be provided;
 - (b) provision authorising the disclosure of information.
- (7) The bodies and persons who are “qualifying lenders” for the purposes of this section are—
 - (a) a deposit taker;
 - (b) an insurer;
 - (c) a county council, a county borough council, a district council, a London Borough Council, the Common Council of the City of London or the Council of the Isles of Scilly;
 - (d) a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994;
 - (e) a new town corporation;
 - (f) other bodies or persons prescribed by regulations under section 18.
- (8) In this section—
 - “deposit taker” means—
 - (a) a person who has permission under Part 4A of the Financial Services and Markets Act 2000 to accept deposits, ^{F1}...
 - (b) ^{F1}...
 - “insurer” means—
 - (a) a person who has permission under Part 4A of the Financial Services and Markets Act 2000 to effect and carry out contracts of insurance, ^{F2}...
 - (b) ^{F2}...
- (9) The definitions of “deposit taker” and “insurer” in this section must be read with—
 - (a) section 22 of the Financial Services and Markets Act 2000;
 - (b) any relevant order under that section;
 - (c) Schedule 2 to that Act.

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Textual Amendments

- F1** Words in s. 19(8) omitted (31.12.2020) by virtue of [The EEA Passport Rights \(Amendment, etc., and Transitional Provisions\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1149), reg. 1(3), **Sch. para. 44(a)** (with reg. 4); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in s. 19(8) omitted (31.12.2020) by virtue of [The EEA Passport Rights \(Amendment, etc., and Transitional Provisions\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1149), reg. 1(3), **Sch. para. 44(b)** (with reg. 4); 2020 c. 1, Sch. 5 para. 1(1)

Commencement Information

- I2** S. 19 in force at 3.4.2017 by [S.I. 2017/111](#), **reg. 3(e)**

20 Consequential amendments

- (1) Section 15A of the Social Security Administration Act 1992 (payment out of benefit of sums in respect of mortgage interest) is repealed.
- (2) In section 170 of the Social Security Administration Act 1992 (Social Security Advisory Committee), in subsection (5)—
 - (a) in the definition of “the relevant enactments”, after paragraph (an) insert—

“(ao) sections 18, 19 and 21 of the Welfare Reform and Work Act 2016;”;
 - (b) in the definition of “the relevant Northern Ireland enactments”, after paragraph (an) insert—

“(ao) any provisions in Northern Ireland which correspond to sections 18, 19 and 21 of the Welfare Reform and Work Act 2016;”.
- (3) In section 2 of the Social Security Act 1998 (use of computers), in subsection (2)—
 - (a) omit the “or” after paragraph (m);
 - (b) after paragraph (n) insert “or
 - (o) sections 18 to 21 of the Welfare Reform and Work Act 2016.”
- (4) In section 8 of the Social Security Act 1998 (decisions by Secretary of State)—
 - (a) in subsection (3) (meaning of “relevant benefit”), after paragraph (bb) insert—

“(bc) a loan under section 18 of the Welfare Reform and Work Act 2016;”;
 - (b) in subsection (4) (meaning of “relevant enactment”), for “or section 30 of that Act” substitute “, section 30 of that Act or sections 18 to 21 of the Welfare Reform and Work Act 2016”.
- (5) In section 11 of the Social Security Act 1998 (regulations with respect to decisions), in subsection (3), in the definition of “the current legislation”, for “and section 30 of that Act” substitute “, section 30 of that Act and sections 18 to 21 of the Welfare Reform and Work Act 2016”.
- (6) In section 28 of the Social Security Act 1998 (correction of errors and setting aside of decisions), in subsection (3)—
 - (a) omit the “or” after paragraph (i);
 - (b) after paragraph (j) insert “; or
 - (k) sections 18 to 21 of the Welfare Reform and Work Act 2016.”

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- (7) In section 39 of the Social Security Act 1998 (interpretation etc of Chapter 2 of Part 1), after subsection (1) insert—
- “(1A) In this Chapter—
- (a) a reference to a benefit includes a reference to a loan under section 18 of the Welfare Reform and Work Act 2016;
 - (b) a reference to a claim for a benefit includes a reference to an application for a loan under section 18 of the Welfare Reform and Work Act 2016;
 - (c) a reference to a claimant includes a reference to an applicant for a loan under section 18 of the Welfare Reform and Work Act 2016 or, in relation to a couple jointly applying for a loan under that section, a reference to the couple or either member of the couple;
 - (d) a reference to an award of a benefit to a person includes a reference to a decision that a person is eligible for a loan under section 18 of the Welfare Reform and Work Act 2016;
 - (e) a reference to entitlement to a benefit includes a reference to eligibility for a loan under section 18 of the Welfare Reform and Work Act 2016.”
- (8) In section 3A of the State Pension Credit Act 2002 (housing credit), in subsection (5) (a), omit the words from “(and,” to “payments)”.
- (9) In section 11 of the Welfare Reform Act 2012 (universal credit: amount in respect of housing costs), in subsection (3)(a), omit the words from “(and,” to “payments)”.
- (10) In section 131 of the Welfare Reform Act 2012 (information-sharing in relation to welfare services etc), in subsection (12), in the definition of “relevant social security benefit” for the words from “has” to the end substitute “means—
- (a) a relevant social security benefit as defined in section 121DA(7) of the Social Security Administration Act 1992, or
 - (b) a loan under section 18 of the Welfare Reform and Work Act 2016 (loans for mortgage interest etc);”.
- (11) The following provisions are repealed—
- (a) in the Social Security (Mortgage Interest Payments) Act 1992—
 - (i) section 1;
 - (ii) Schedule 1;
 - (b) in the Jobseekers Act 1995, paragraph 40(3)(b) and (4) of Schedule 2;
 - (c) in the State Pension Credit Act 2002, paragraph 9 of Schedule 2;
 - (d) in the Civil Partnership Act 2004, paragraph 57 of Schedule 24;
 - (e) in the Welfare Reform Act 2007, paragraph 10(5) of Schedule 3;
 - (f) in the Welfare Reform Act 2012—
 - (i) in Schedule 2, paragraph 6;
 - (ii) in Schedule 4, paragraph 11;
 - (g) in the Financial Services Act 2012, paragraph 74(2) of Schedule 18.

Commencement Information

I3 S. 20(1)(8)(9)(11) in force at 6.4.2018 by S.I. 2018/438, reg. 2(1) (with reg. 2(2)(3))

Changes to legislation: There are currently no known outstanding effects for the Welfare Reform and Work Act 2016, Cross Heading: Loans for mortgage interest etc. (See end of Document for details)

14 S. 20(2)-(7)(10) in force at 27.7.2017 by [S.I. 2017/802](#), [reg. 2](#)

21 Transitional provision

- (1) Regulations made by the Secretary of State may make such transitional or transitory provision or savings as the Secretary of State considers necessary or expedient in connection with the coming into force of sections 18 to 20.
- (2) The regulations may include provision for temporarily excluding the making of a loan under regulations under section 18 after the coming into force of sections 18 to 20.
- (3) Regulations under subsection (2) may in particular—
 - (a) provide for a temporary exclusion to continue until a time or times specified in a notice issued by the Secretary of State;
 - (b) enable the Secretary of State to issue notices under paragraph (a) specifying different times for different persons or descriptions of person.
- (4) The regulations may include provision for enabling assistance with payments in respect of accommodation occupied as a home to be given by means of a qualifying benefit after the coming into force of sections 18 to 20 (including where the making of loans is temporarily excluded).
- (5) Regulations under subsection (4) may in particular—
 - (a) provide for legislation that has been repealed or revoked to be treated as having effect;
 - (b) provide for assistance by means of a qualifying benefit to continue until a time or times specified in a notice issued by the Secretary of State;
 - (c) enable the Secretary of State to issue notices under paragraph (b) specifying different times for different persons or descriptions of person.
- (6) In this section “qualifying benefit” means income support, income-based jobseeker's allowance, income-related employment and support allowance, state pension credit or universal credit.
- (7) Regulations under this section may make different provision for different areas, cases or purposes.
- (8) Regulations under this section must be made by statutory instrument.
- (9) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.

Commencement Information

15 [S. 21](#) in force at 3.4.2017 by [S.I. 2017/111](#), [reg. 3\(f\)](#)

Changes to legislation:

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