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Press Release

Debt charity concerned about impact of changes to Support for Mortgage Interest

The UK's leading debt charity, Consumer Credit Counselling Service (CCCS), is concerned that the changes in the Support for Mortgage Interest (SMI) announced in today's Budget (June 22) will weigh disproportionately on the less well-off who are more likely to have higher interest, sub-prime mortgages.

George Osborne, Chancellor of the Exchequer, announced that from October 2010, SMI will be paid at the level of the Bank of England's published Average Mortgage Rate, which is currently 3.9 percent, and therefore lower than the 6.08 percent paid now.

Malcolm Hurlston, Chairman of CCCS, comments:

"CCCS understands that 225,000 people currently receive Support for Mortgage Interest. This has helped thousands of families stay in their home at a time when many have seen their incomes dramatically reduced.

"Today's proposals, however, would mean that a household in receipt of SMI with a mortgage worth £100,000 would see mortgage relief go down from £507 to £325 per month. This is unlikely to cover the interest rates of those with sub prime mortgages."

- ends -

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Notes for editors:

1. CCCS's ethos is to help the "can't pays", not the "won't pays", and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual's situation.
2. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client. CCCS aims to separate the "can't pays" from the "won't pays".