

PAYMENT HOLIDAY EXTENSION - IMPORTANT INFORMATION

Important information you should know about payment holidays and your deferred payments.

1. Repayment mortgage accounts

If your mortgage is held on a repayment basis, you will pay off the deferred payments over your remaining mortgage term. This means that your monthly repayments will be more than they were before the payment holiday.

2. Interest only mortgage accounts

If your mortgage is held on an interest only basis, the deferred payments will be added to your account balance and due at the end of your mortgage term. You will need to make sure you have funds in place to cover this.

3. Changes to your account and monthly payments

It's important to remember that due to the increase to your mortgage balance, you will repay more over the remaining term of your mortgage. This means your monthly repayments are due to increase.

We will write to you separately in a Notice of Payment Change letter, giving you full details of your new monthly repayments and changes to your mortgage account. We will also write to you once your payment holiday has ended to confirm the impact that the deferred payments have had on your mortgage balance.

If you'd like to find out what your new repayments might look like before taking out a payment holiday, here is an example of an [independent online calculator](#). You will need some account specific information to use the calculator. If you don't have all the information required, please get in touch and we can provide this for you.

4. Credit reference agencies and your credit file

Whilst taking advantage of a payment holiday, we do not report your deferred payments to credit reference agencies. This means it does not have an adverse effect on your credit file and any arrears status from before your payment holiday won't increase.

However, we are required to report your account balance and any interest we charge to the credit reference agencies. Please also remember that whilst your payment holiday will not be registered as arrears with the credit reference agencies, it may be taken into consideration by lenders, along with other information provided by you or your bank, when making lending decisions. It is important to note that once your payment holiday ends, if you miss any of your monthly repayments, we will report these to the relevant agencies.

5. Changes in your circumstance

We understand that the reason for your payment holiday may have been due to the coronavirus pandemic and this may have had a greater impact on your circumstances than you'd hope. If you are still experiencing financial difficulties at the end of your payment holiday, please contact us as soon as possible to see how we can support you.

To find out more about support available to you during these times, you can visit the FCA website at www.fca.org.uk/publications/finalised-guidance/information-consumers-financial-difficulties-coronavirus or the Money Advice Service at www.moneyadviceservice.org.uk/en/categories/taking-control-of-debt

There are also a number of organisations where you can seek free, independent help from, a list of which you can find on our website at www.paragonbank.co.uk/personal/financial-help

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