Your quarterly arrears statement explained



KentReliance



Why do we send you a quarterly statement?

We send you this statement, in addition to your normal annual mortgage statement, so you can clearly see how much you're paying, how much you owe, and what fees, charges and interest are being added.

When you have an arrears balance (i.e. you've fallen behind with your scheduled monthly repayments), we may add additional fees, charges, and interest to your mortgage account. For as long as you're in arrears, we'll send you a quarterly statement of your account, showing you the transactions that have happened within the last 3-month period.

The idea of this statement is to help you be clear on the impact of your arrears on your account, and to support you to get back up to date with your mortgage over time.

Understanding your statement

The first part of your statement shows:

How interest is working on your account:

- Interest rates charged during the 3 month period that the statement covers.
- Interest charging method (how often we apply interest to your mortgage).
- Repayment method (the type of mortgage you have, for example whether you are paying back interest only or the capital amount back too)
- Maturity date (the date your mortgage is due to end)
- **A mortgage summary** – showing your original amount borrowed, the current interest rate which applies to your mortgage, and the current overall account balance (what you owe in total at this stage). This section also shows your **arrears balance** split out clearly, so you know the total amount of payments you're behind with currently.
- **The cost to repay the loan** – giving you an idea of what it would cost to fully settle your mortgage at this time (including any early repayment charge if one applies).

The second part of your statement gives you a detailed transaction breakdown for the last quarterly period:

How to make sense of your transaction history

- The transaction table has a row for each transaction during the statement period. Each row is dated, shown in date order from the start to the end of the period, and you'll see a clear description for each transaction which has happened.
- If you see a figure in the 'debit' column this means the transaction has added to your account balance, and if you see a figure in the 'credit' column, you'll see this has reduced your account balance.
- The balance column shows your total account balance at the start and the end of the 3 month period. The figure in that column will always show you the total amount you owe, including the capital (the amount of your loan), interest, and any fees and arrears, at that point.
- The 'Arrears' column also shows your total arrears amount, separate to your total account balance, so you can see the arrears balance at the start and the end of the 3 month period.
- The interest applied during the statement period will show as one transaction in the debit column and includes interest charged on your mortgage balance, and any arrears and fees.
- At the bottom of the table, you'll find totals of the amounts for each column.

Where can you see any fees and charges?

Your fees and charges are **not shown separately** on your statement summary page.

Instead, your total fees and charges amount, as at the date of the statement, is included in your overall account balance (within the mortgage summary section). You can see the fees charged during the last quarterly period within your detailed transaction breakdown, with the relevant description.

Clearing your fees and charges balance - if you want to clear any outstanding fees and charges before you reach the end of your mortgage (and potentially reduce the amount of interest charged on the fees and charges), you'll need to do this in addition to your normal monthly payments, or additional payments you're making to clear any arrears.



Your fees and charges explained

You can see the fees charged during the last quarterly period within your detailed transaction breakdown, with the description; fees paid.

Fees paid are typically costs (including costs to solicitors or third parties) that we've charged because the account has gone into arrears. They may include:

- A charge when a representative carries out a home visit.
- An administration fee for solicitors letters relating to arrears or the beginning of possession and proceedings.
- Any other costs that arise due to the arrears.

For more information on fees and charges, please view and/or download our tariff of mortgage charges by visiting www.kentreliance.co.uk/documents and selecting that you're mortgage customer.

Fees and charges become part of your overall balance and therefore you will pay more interest over the term of your mortgage. If you would like to make additional payments towards your overall balance and reduce the amount of interest paid over the term of your mortgage then please contact us.

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- An administration fee for solicitors' letters relating to arrears or the beginning of possession proceedings.
- Any other costs that arise due to the arrears.

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An illustrative example follows to help you understand how we calculate and charge interest on an arrears balance

In this example, we'll assume that we're applying an interest charge on an arrears balance at the end of a calendar month. At the point we come to calculate and add an interest charge, the total arrears balance stands at £500, the current interest rate is 4.54%, and the account has been in arrears for the full 31 days of that month.

To calculate the interest charge to be added, we multiply £500 by 4.54% which gives a figure of £22.70. We divide this by 365 (days in the year) and then multiply by the 31 days in that month, giving us an interest charge to be added to the account of £1.92.



For more information



Visit your local branch



Speak to a member of staff
on **0345 122 1122**



Go to **kentreliance.co.uk**



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