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:

- **Your key account information** - - including the type of mortgage you have, when your mortgage started, how long it has left to run, and what your normal monthly payments are currently.
- **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 been 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 'Account balance' column shows how your total account balance is moving up and down over the quarterly period. The figure in that column will always shows 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 balance' column also shows your total arrears amount, separate to your total account balance, so you can see how that is moving up and down over the statement period.
- After the transaction history, you'll find totals of your monthly payments and the interest applied during the statement period, plus an interest rate summary section.

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 transaction history terms explained

Here's some additional information to help you understand selected terms which may appear in your detailed transaction breakdown:

- **Instalment due or contractual monthly instalment –** the figure shown next to this description is the total monthly payment amount which is due on the contractual due date.
- **Interest charge –** the amount of interest charged based on your outstanding balance. This includes interest on your total balance, and any arrears and fees.

Important reminder - if you have a **repayment mortgage**, you'll see that each month where your monthly instalment amount appears, the interest charge appears above that with an amount showing in the debit column. The monthly amount due is made up of that interest charge and the remaining amount is what you're paying towards your capital balance (the loan amount).

If you have an **interest only** mortgage, you'll see the interest charge and instalment due figures match. You will need to have a repayment vehicle in place to allow you to pay off the capital balance at the end of the mortgage.

- **Arrears fees** – these are costs (including costs to solicitors or third parties) that we've charged because the account has gone into arrears. These 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 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 a mortgage customer.

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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