

Mortgages

Faced with legal action - what happens next?



Proud to be different

Nationwide's Homeowner

Mortgage Charter

This charter sets out how Nationwide will work with and assist you in administering your mortgage on the property you live in during a period of temporary financial difficulties provided that you work with us in good faith:

- 1 **Our staff are here to help you.** If you are facing payment difficulties (even if you are not yet in arrears) you should talk to us as soon as possible. If you have not spoken with us and your account goes into arrears **we will** make every effort to contact you to discuss your situation.
- 2 **We will** help you to obtain independent free debt advice.
- 3 **We will** provide you with clear and straightforward information. This will help you to understand the arrears process and how you can help improve your position.
- 4 **We will** gather (from you or the debt adviser you use) sufficient information about your financial situation to enable us to assess the options available to you. The options available will depend upon factors including your personal circumstances, your property and the type of mortgage.
- 5 If you have a second charge or other loan secured against your property, **we will** liaise with that lender if you request us to do so.
- 6 **We will** aim to agree an appropriate action plan with you. This may include actions by you, changes we can make to how your mortgage operates, and temporary changes to your mortgage payments.
- 7 **We will** review your specific needs and circumstances with you on a regular basis (typically every three to six months). You will need to contact us immediately if your circumstances change.
- 8 a) **We will** aim to agree payment arrangements with you for a reasonable period of time, according to your circumstances and considering what is in the best interests of both parties.

Whilst your payment difficulties appear to be temporary, if you keep in regular contact with us and make your agreed payments on time **we will not** start possession action.

b) **We will** work with you to help you move to full payments over a realistic period of time.

If after a year, it appears that your financial difficulties are likely to continue - you will need to investigate and decide upon other options. If this is the case then **we will** provide clear information to help you make the decision.

c) If you decide to surrender your property to us (or abandon it) **we will** explain the potential implications to you.
- 9 **We will** only ever take court action in accordance with the court guidelines which govern this litigation. Rest assured, we always regard possession as the last resort.
- 10 If we end up having to take possession of your home, you may still continue to owe us money after we have sold the property. If this is the case, but you have made every effort to work with us through the process, then **we will** waive any early repayment charge which may be payable under your mortgage contract.



Graham Beale
Chief Executive

Visit our Payment Difficulties website at www.nationwide.co.uk/payment_difficulties.

Introduction

This leaflet explains what steps Nationwide will take as you're continuing to experience problems paying your mortgage and have not been able to come to an agreement, or an agreed repayment plan has been broken.

We've sent letters to you asking you to repay the mortgage arrears along with the FSA Money made clear leaflet for borrowers in mortgage difficulty. This FSA leaflet explained the options available to you to avoid court action. We're now considering taking further action to recover the debt which may result in you losing your home.

We have also given you details of our payment difficulties website at www.nationwide.co.uk/payment_difficulties where there is more information to help you.

We will only take possession of your property as a last resort when all available alternatives have been exhausted.

Before Legal Action

A final collections letter will accompany this leaflet confirming the current level of your mortgage arrears and asking you to repay these in full within 15 working days. If for any reason you're unable to make payment in full then you must contact our Lending Control Team on **0845 6009626**.

If we don't receive an acceptable response to this letter we will start court proceedings without further notice.

Court Proceedings

We will instruct our Solicitors to start proceedings for possession of your property. When our Solicitors apply to the Court to start proceedings you'll receive a copy of a document called a Claim Form together with an information pack including a hearing date. The Claim Form will contain details about how the arrears have arisen. You will be given the opportunity to explain your financial circumstances to the Court and, if you choose, to defend the proceedings.

At the hearing Nationwide will be represented by an agent acting on our behalf. We recommend that you either attend the hearing personally or request someone to act on your behalf. Every Court has a help desk where you can get assistance for free. The District Judge will decide whether it is appropriate to give Nationwide an Order for Possession. In some circumstances this may be suspended, on condition that you pay your monthly instalments plus something towards the arrears or comply with other terms specified by the court. This means you will not lose your property provided you comply with the terms of the Order.

Enforcement

If the Court does not suspend the Possession Order or you do not comply with the terms of a Suspended Possession Order then we will ask the Court to enforce the Order. An eviction date will be set by the Court and notified to you. You must remove all personal belongings from the property before the day of the eviction. On the day of eviction we will change the locks to the property and you will not be able to re-enter after this.

The eviction will be reflected on your Credit Reference record and may affect your credit rating. As this information is shared with other organisations it could make it difficult for you to get credit, or other financial facilities, in the future.

After Possession

Once we've taken possession of the property we will arrange to sell it. If any items remain in the property we will dispose of these at your expense.

The property will be marketed through a reputable selling agent once a valuation has been obtained to determine the market value. In some circumstances it may be necessary to resolve difficulties before marketing a property e.g. work may be carried out to improve marketability. Periodically we will review the price at which the property is being marketed, taking into account market conditions, in order to achieve the best sale price at the earliest opportunity. Occasionally we will decide to auction the property if this is likely to achieve the best price.

When the property has been sold, the proceeds will be used to close your mortgage account. Any surplus monies will be forwarded to the holders of any other loans or interests registered against the property. If there are no other loans or registered interests then the surplus will be used to clear any other outstanding Nationwide debts.

We will forward any remaining money to you but we will need you to provide us with verification of your identity. If we can't trace you or there is a dispute the money will be paid into court.

If the net proceeds of sale are insufficient to repay your mortgage account with Nationwide in full then you will remain liable to repay the balance outstanding. We will contact you to arrange repayment of the outstanding balance.

Fees, Costs & Charges

We want you to be aware of the circumstances in which you may incur a fee for the administration of your mortgage. A copy of the tariff is sent to you each year with your annual mortgage statement, except where there have been no changes and no new fees introduced.

Details of our current fees, costs and charges are set out later in this leaflet. The fees quoted are not exhaustive and may vary from case to case depending on its complexity.

Other Jurisdictions

Fees stated are for actions taken in England & Wales – costs will vary when action is commenced for Scotland, Northern Ireland and the Isle of Man. For further details please contact our Lending Control Team on **0845 8505015**.

Help Available

It is very important that you stay in contact with Nationwide throughout this time. We will try to help in every way we can to avoid having to take further action for possession of your property.

Every Court has a help desk, where you can get assistance for free. The address of the court will be in the papers sent to you about the court hearing. We recommend that you contact the Housing Department of your Local Authority as soon as possible. You may also find it helpful to seek free, confidential, independent advice from one of the following organisations:

Citizens Advice Bureau (CAB)

Website: www.citizensadvice.org.uk

Citizens Advice Scotland (CAS)

Website: www.cas.org.uk

Note: Please look in the phone book for your local bureau, or on their website

National Debtline

Provides a free, confidential and independent phone service

Tel: 0808 808 4000 – freephone

Website: www.nationaldebtline.co.uk

Business Debtline

Free, confidential and independent advice for self-employed people and small businesses

Tel: 0800 197 6026 – freephone

Website: www.bdl.org.uk

Advice UK

All members provide free and confidential advice, but not all provide money advice. To find your nearest centre

Tel: 020 7407 4070

Money Advice Scotland

Tel: 0141 572 0237

Website: www.moneyadvicescotland.org.uk

Consumer Credit Counselling Service (CCCS)

is a registered charity offering free, confidential advice and support to anyone who is worried about debt. Call free on

Tel: 0800 138 1111

Website: www.cccs.co.uk

Payplan

is funded through donations from the credit industry, but remains impartial and deals with all creditors.

Tel: 0800 280 2816

Website: www.payplan.com

The Community Advice

Aims to make it easier for the public to get legal help and advice – look on their website for details of agencies in your area

Tel: 0845 345 4345

Website: www.communitylegaladvice.org.uk

Credit Action

Provides information and guidance for people with debt or money worries

Website: www.creditaction.com

Jobcentre Plus Office

Your local office can advise you if you are eligible for any benefits – look in your phone book for details

Financial Ombudsman Service

If you are not satisfied with the way your case/complaint has been handled

Tel: 08000 234567

Website: www.financial-ombudsman.org.uk

Financial Services Authority (FSA)

Tel: 0300 500 5000

Website: www.moneymadeclear.org.uk

Fees, Costs and Charges

If we have to:

- take action to recover mortgage arrears, or any part of the debt
- take or defend any legal action through the courts, or
- take possession, secure and sell the property

you must pay the costs that we incur.

The following summary outlines the basic charges involved in each stage of the process.

Monthly Arrears Charge

If your account is:

- one or more months in arrears, and
- there is no arrangement made, and maintained, with us to repay the outstanding balance

then you will be charged £20 per month, per account.

Before Legal Action

We will send a Final Collections Letter and charge £13 per contact address.

Court Proceedings & Enforcement

If we go to court and gain possession of the property the following basic charges will be applied to your account:

- Default Notice (if applicable) - £13 per customer, per account
- Referral to Solicitors - £81
- Solicitors pre-enforcement litigation costs - £292
- Agents attendance costs - £65
- Solicitors enforcement litigation costs - £96
- Possession fee - £500.

After Possession

Following possession these basic charges will be applied to your account:

- Energy Efficiency Certificate - variable
- Property valuation cost - £80
- Property management costs - £375
- Solicitors conveyancing costs - £350
- Estate agency commission – variable.

The fees quoted below are not exhaustive and may vary from case to case depending on its complexity.

Each of the activities may involve additional fees paid to third parties such as Solicitors, Courts or HM Land Registry and these fees will vary from case to case.

Where work is handled for Nationwide by an external supplier we pass on the total cost to us of using that supplier.

Name of fee	When this fee is payable	Amount
Monthly arrears charge	Charged to your account if it is one or more months in arrears, and there is no agreement made and maintained with Nationwide to repay the outstanding balance.	£20 per month per account
Final collections letter	If you have not been able to make and maintain an agreement to repay the outstanding balance this letter will be sent to advise you of what you need to do to avoid further action.	£13 per contact address
Default notice (if applicable)	This formal notice is sent to tell you that you are in default of your credit agreement, outlining the arrears, what you need to do to avoid further action and what will happen if you don't.	£13 per customer per account
Referral to solicitors	A formal instruction sent to solicitors instructed by Nationwide to start legal action for possession of the property.	£81
Arrears visit	A visit to your home conducted by a Nationwide representative.	£100
Litigation search fees **	The fee charged by the Land Registry for providing copies of legal documents and details of other interests required before legal action can start.	£28
Summons fee **	The fee charged by the court for starting legal action and fixing a hearing date set.	£150
Solicitor's pre-enforcement litigation costs	The basic amount charged by solicitors instructed by Nationwide in taking action to recover the arrears up to and including the hearing.	£292

(Continued)

Name of fee	When this fee is payable	Amount
Agents attendance costs **	Charge for the attendance at court by an agent acting on behalf of Nationwide.	£65
Warrant fee	The fee charged by the court for setting an eviction date and arranging for bailiffs to take possession of the property on that date.	£95
Solicitor's enforcement litigation costs **	The basic amount charged by solicitors instructed by Nationwide in taking action to enforce an order for possession.	£96
Cancelled eviction	Charge in respect of the cancellation of an eviction for which a date has already been set by the court.	£64
Possession fee	Administrative charge for setting up the eviction, taking possession, marketing, sale of the property and closure of the account file.	£500
Property management costs **	Charge for the service provided at possession when changing the locks, draining systems, property clearance and preparing for sale.	£375
Estate agency commission	Charge for making recommendations in respect of the proposed selling price, and marketing strategy, all advertising and arranging the sale.	Variable
Auction entry	Charge for placement of the property in a listing for auction.	£60
Auctioneers commission	Charge for the preparation of the auction brochure and for achieving the highest offer above the reserve on the day of the auction.	Variable
Property valuation costs **	Charge for the report obtained from a valuer as to the estimated market value of the property and its suggested sale price.	£80
Energy Efficiency Certificate or Home Report	Charge for the compilation of appropriate searches and information required by a buyer before the property can be marketed.	Variable
Solicitors conveyancing costs **	Charge for the legal activities in checking the title of the property, preparing a contract, exchange and completion of the contract.	£350
Surplus distribution costs **	Charge for confirming the funds available after the sale and distributing them to the next entitled person.	£70

** Fees stated are for actions taken in England & Wales – costs will vary when action is commenced for Scotland, Northern Ireland and the Isle of Man.

You can order all our publications in large print, Braille, audio cassette or CD. Your local branch will arrange this for you or you can contact us on **08457 30 20 10**.

If you have hearing or speech difficulties and are a textphone user, you can call us direct in text on **0800 37 80 01**. We also accept calls via BT TypeTalk. Just dial **18001** followed by the full telephone number you wish to ring.

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SN38 1NW.

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