



Tim Hanton



Foundation
Home Loans

Customer Awareness and Communication

- Background
- DWP approach and clarity of message
 - As at 21st March of the 90,000 SMI borrowers:
 - 5,000 claimants still not contact by DWP
 - 31,000 (36%) had still to be contacted
- Lender approach
 - In March, we wrote to all customers in receipt of SMI reminding them of the change and that they would be responsible for making their full CMS if they did not take the loan.
 - Reminder to any customers we speak to on the phone
- Initial feedback from Customers
 - Lenders feedback – take up rate is only c. 25%.
 - This take up rate is supported by DWP data
- Signposting for information and “advice”
- Handling of Vulnerable Customers
 - DWP believe under their definition of Vulnerable customers that number is c. 1,000
 - Lenders believe it is much higher (indicative of 5,000 customers that DWP have not been able to contact)
 - DWP processes re the handling of Vulnerable customers is not clear.

Customer Impact of the SMI change

- Why are they not taking up the loan?
 - Impact on equity position on the property
 - Not want a Government loan
 - Paperwork can be confusing
- Do Customers understand the impact of their decision?
 - Will need to meet the CMS & any agreement towards arrears
 - Impact on their credit file if they go into arrears
 - Potential arrears and associated arrears fees and litigation costs
 - Impact on future credit if looking to remortgage or take out equity release

Operational issues/Concerns

- Lateness of letters
- Notification to lenders where loan not taken out
- Lenders do not know the current position of any loan application
- Potential surge of late applications once customers get arrears notices
- Blanket consent re charges
 - will this apply to 2nd charge lenders?
- DWP assistance to handle more complex cases
- Handling of more technical questions
 - potential conflict with existing agreements e.g. IVA where customer has committed to withdraw equity, what is the impact of the DWP charge.