

Mortgage payment difficulties caused by the corona crisis - 10 key principles to help the customer prudently -

Due to the corona crisis, some customers may have difficulty in paying their mortgage. It is important to take the right approach to these payment difficulties.

The Dutch Authority for the Financial Markets (AFM) has published 10 key principles for mortgage providers. They offer ways of arriving at a solution together with the customer. The AFM is thus outlining how it expects financial enterprises to act towards their customers.

These principles are generally applicable in the event of payment difficulties and have for the most part already been communicated via [our website](#). Many mortgage providers have started initiatives of their own to help customers; the AFM welcomes this.

Given below are the starting points in the order of the customer journey:

1 Be easy to reach for customers with payment difficulties

Of course, you can do this by including a telephone number and e-mail address on your website for customers who have or are at risk of payment difficulties due to the corona crisis. Offering digital means of communication such as chat or WhatsApp facilities is certainly useful in this situation. Make the information about payment difficulties especially easy to find. You could place a clearly visible button on your website referring to this information, for example. It is also important that there are sufficient employees to help customers who find themselves in difficulty.

2 Before offering a solution you should first obtain information about the customer's financial position

The AFM considers it important that providers first obtain information to clarify the client's financial situation. Only then is it possible to look for a solution that ensures long-term recovery. Should it prove impossible to obtain this information due to the current number of customers with payment difficulties, you will need to put a more generic temporary solution in place. After that you should obtain information about the financial situation as quickly as possible and adapt the solution to the customer's needs.

3 When looking for a solution, put customer's interests first: what is the best way to help the customer now and in the future?

Look carefully with the customer for the best solution: the solution that offers the most sustainable recovery possible. A good solution is cost-efficient, useful, safe and understandable for the customer. You should take into account the wishes of the customer, the financial position and the cause of the payment difficulties.

Possible solutions include a mortgage holiday. The Ministry of Finance has amended the tax rules so that these solutions do not affect [mortgage interest relief](#). Interest-rate averaging, restructuring the mortgage or waiving certain costs can offer a more structural solution. This depends on the customer's situation. To arrive at a solution, a mortgage provider can also use a financial advisor for advice. This is subject to a statutory [exception to the ban on commissions](#).

4 Check for each customer whether a mortgage holiday is appropriate and clearly agree on its duration

A mortgage holiday could offer a solution for customers who temporarily have no or less income due to the corona crisis. Providers are expected to carefully consider which customers will benefit from this. If the customer is able to continue to pay part of the mortgage costs, it may be advisable to only suspend repayment. The AFM understands that it is difficult to estimate the duration of the mortgage holiday given the current uncertainties. What is important, however, is that a provider assesses whether it is likely that a customer will be able to resume payments after the mortgage holiday and catch up on arrears. If this is unlikely, you should look for other possibilities. Talk to the customer in good time before the end of the mortgage holiday about an appropriate catch-up period. Base this on the client's financial situation and include any other debts or arrears.

5 Inform customers clearly about the implications of the chosen solution

A mortgage holiday or suspension of repayment could offer customers the space they need to get their financial position in order. However: the arrears must be caught up later. Talk to your customer about the obligations that arise when adopting the chosen solution and the associated conditions. Consider new instalment amounts, the duration of the payment agreement, any interest or other costs, tax implications and obligations and any change in the term of the original mortgage.

The obligation to provide information applies equally to other solutions. In the case of interest-rate averaging, for example, the client is clearly informed about his new (longer) fixed-interest period. You could also explain when customers need to contact you, in the event of a change in their financial situation for instance.

6 Minimise the cost of helping a customer

Payment arrears are undesirable for customers and providers alike. It is in the interest of both parties that a customer catches up and does not get into further difficulty. Customers are helped by not being confronted with additional costs at a time when they are already finding it hard to meet their regular obligations. The AFM expects providers to carefully consider whether charging extra costs will contribute to a long-term solution. The starting point is cost efficiency. The AFM also expects that customers who make arrangements with the provider to avoid failing to meet their payment obligations will not pay more costs than customers who simply fail to meet their payment obligations.

7 Confirm the arrangements in writing with the customer

Always confirm the arrangements you have made with the customer by e-mail or letter. Communicate clearly. This means that the information is findable, understandable and balanced. In the letter or e-mail give customers the opportunity to get in touch again when circumstances have changed. Inform customers in writing of the extra monthly charges they will face when they resume the mortgage and of a BKR (Credit Registration Office) listing and its consequences, the consequences if the customer is unable to repay in the long term and any costs associated with the arrears. If certain conditions change as a result of the chosen solution, this too must be communicated to the customer in writing.

8 Inform intermediaries about your approach and indicate what is expected of them

If you work with intermediaries, clearly inform them about your approach and how they should approach customer queries. Explain what information they can pass on to customers with your mortgage product. If necessary, you should also agree on which customer information you will share with intermediaries.

9 Keep in touch with the customer during the arrears period

Make agreements with the customer on the cases where they should contact you. Also maintain regular contact with customers and check whether they expect to be able to resume their regular payment afterwards. If this is not the case, for example because customers have lost their job due to the corona crisis, discuss other solutions with them in good time.

10 Treat customers consistently

Take individual situations into account, but avoid offering customers a different (less favourable) solution in similar situations. For this purpose, it is important that providers arrange clear processes and procedures and properly inform and train their employees. This prevents customers from being dependent on the employee they happen to speak to.