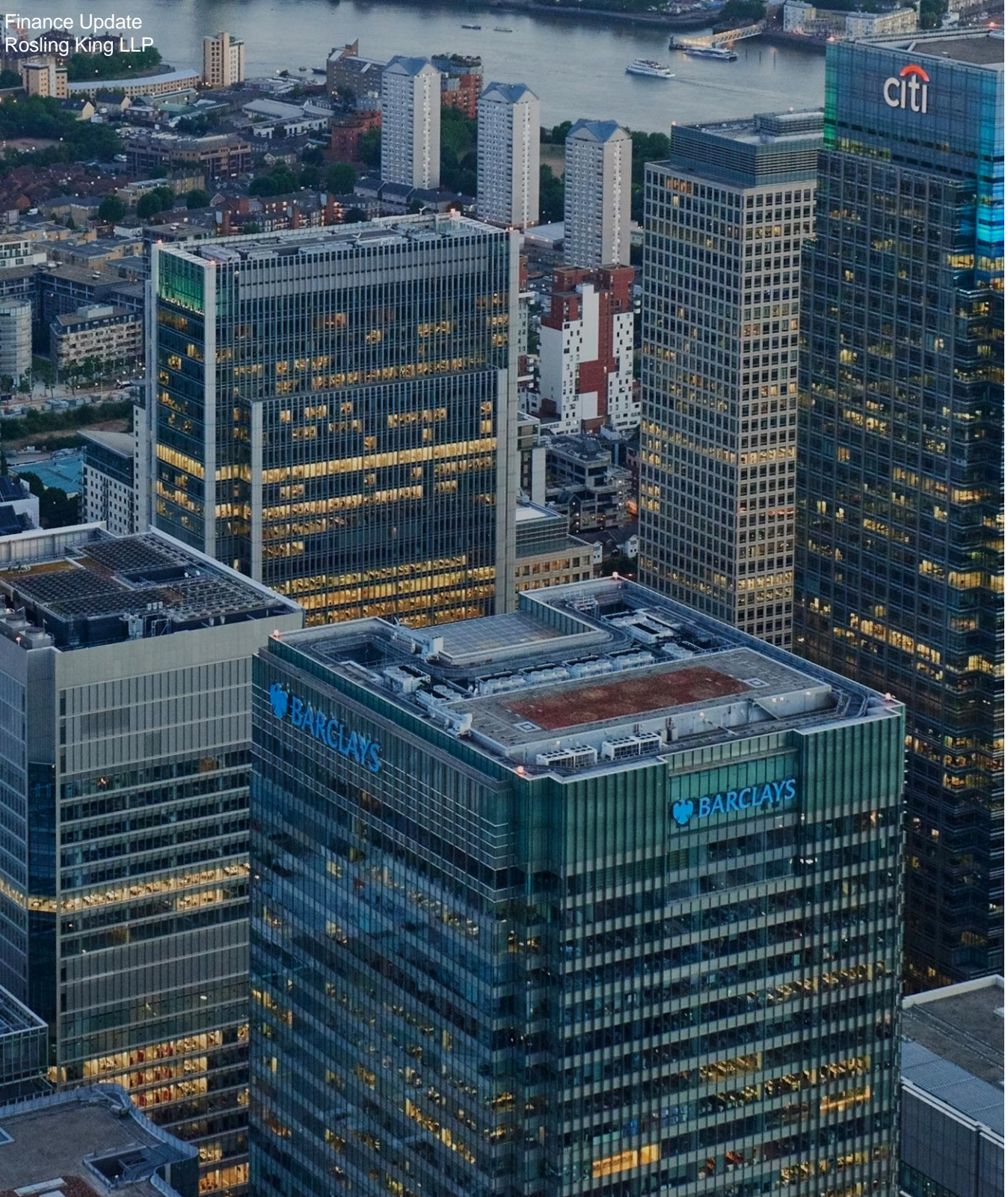


Finance Update
Rosling King LLP



The FCA has released draft additional guidance in relation to the support which firms are expected to provide to mortgage customers as a result of Covid-19.

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Mortgages and Coronavirus: Additional Guidance for Firms

- The proposed guidance will be supplemental to the guidance issued by the FCA in June 2020 (the “**June Guidance**”), which will continue to provide support to those customers newly impacted by Covid-19 until at least 31 October 2020. Whilst the FCA expects the June Guidance to expire on 31 October 2020, it is currently keeping this under review.
- The reason behind this proposed additional guidance is that the FCA considers that certain customers may remain in financial difficulty once their payment deferrals come to an end or may find themselves in financial difficulty in the coming months, and so require a more tailored level of support.
- The proposed guidance is intended to apply to customers who are unable to resume payments after 2 payment deferrals, have benefitted from an initial payment deferral which expires at a time when the June Guidance is no longer in effect or who experience payment difficulties as a result of Covid-19 at a time when the June Guidance is no longer in effect.
- This guidance builds on the FCA principles and obligations under MCOB and the FCA will expect firms to comply with such additional guidance, once it comes into effect.
- The proposed guidance sets out the FCA’s expectations in relation to the provision of effective forbearance and clarifies how firms should act when supporting customers. The guidance also details the ways in which such forbearance measures may interact with the provisions of MCOB. Specifically, the proposed guidance deals with repossessions and the commencement or continuance of such proceedings once the June Guidance is no longer in effect.
- The proposed guidance also clarifies the approach firms should take when reporting to credit reference agencies once a payment deferral has come to an end or when payment difficulties arise as a result of Covid-19 once the June Guidance is no longer in effect.
- Given the exceptional nature of Covid-19 and the expected long-term impact on customer finances as a result of job losses or pay cuts, it comes with no surprise that the FCA is seeking to extend and supplement the temporary June Guidance by requiring firms to continue to provide support and assistance to those borrowers who are or who may, in the future, find themselves in financial difficulty as a result of Covid-19.
- You can find a copy of the proposed guidance here:

<https://www.fca.org.uk/publication/guidance-consultation/mortgages-and-coronavirus-additional-guidance-for-firms.pdf>

- Stakeholders are required to reply to the draft guidance by **5pm on 1 September 2020**.
- Should you wish to discuss the proposed guidance in more detail and how it may effect you or if you would like further assistance or advice at this time, please do not hesitate to contact [Alexander Edwards](#) or the Partner who you normally deal with.