BARCLAYS

Understanding your Barclays residential mortgage - Frequently asked questions (FAQs)

A mortgage is one of the biggest financial commitments you're ever likely to make. These FAQs help to explain some important things you need to understand.

This document doesn't replace the following, which you should read carefully:

- your Mortgage Offer Letter,
- Mortgage Conditions,
- Mortgage Deed and
- Tariff of Mortgage Charges.

The illustrations in this document are examples only. All figures used are approximate.

What's a mortgage?

A mortgage is a type of loan designed to help you buy a property. A mortgage is 'secured' on your property. This means that if you don't keep up your contractual monthly payments or repay any outstanding amount at the end of the mortgage term, we can sell it to repay what you owe us. This is called 'repossession'.

What's a joint mortgage and how do they work?

A joint mortgage is a mortgage with more than one borrower. If one person can't keep up with their part of the contractual monthly payments, the other borrowers must cover that person's part, so the full contractual monthly payment is made. When you borrow with other people, you're each responsible for the entire loan as individuals, and you're also responsible as a pair or a group. All borrowers on a joint mortgage are legally responsible for paying the full amount owed to us, even if the relationship between you ends or any of the borrowers aren't named on the title deeds of the mortgaged property.

What's the mortgage term?

This is the length of time you'll be making contractual monthly payments and you'll need to have repaid your mortgage in full by the end of it. Your mortgage term is set out in your Offer Letter. You can check how long you have left on it at any time by logging into your mortgage account in Online Banking or the Barclays app, or by calling us.

How do I repay my mortgage?

How you repay your mortgage will depend on the repayment type, there are three different repayment types. Your Offer Letter explains whether your mortgage is a:

- Repayment mortgage,
- Interest-only mortgage or
- Part repayment and part interest-only mortgage.

What's a repayment mortgage?

This is where your contractual monthly payment is used to pay off some of the original amount we lent to you, (sometimes we call this capital), and some of the interest.

In the early years of the mortgage, the amount you owe is higher, so more of your contractual monthly payment goes towards paying the interest. This is because the more you owe, the more interest you're charged. As you repay what you owe, more of your contractual monthly payment will go towards paying off the capital.

For example, if you borrow £300,000 over 30 years and we assume an interest rate of 5% across the whole term, the amount of capital and interest you pay will change each month, as shown here:

Month	Contractual monthly payment	Amount of capital repaid	Amount of interest paid	Outstanding loan amount
1	£1610	£340	£1270	£300,000
200	£1610	£811	£795	£187,983
360	£1610	£1493	£78	£1571

Choosing a longer mortgage term will reduce your contractual monthly payments, but you'll pay more interest overall.

What's an interest-only mortgage?

This is where you only pay the interest each month. Your contractual monthly payment doesn't reduce the original amount we lent to you.

For example, after 30 years of paying just the interest on a £300,000 loan, you'll still owe the initial £300,000. You'll have to repay this at the end of your mortgage term, as shown here:

Month	Contractual monthly payment	Amount of capital repaid	Amount of interest paid	Outstanding loan amount
1	£1250	£0	£1250	£300,000
200	£1250	£0	£1250	£300,000
360	£1250	£0	£1250	£300,000

You'll need a plan in place to repay this amount in full. You should check throughout the mortgage term that you'll have enough money to repay the mortgage. If you can't repay it, your property may have to be sold and the money used to pay what you owe us, including any fees, costs, charges and expenses. If the sale doesn't cover the full amount you owe us, you'll still have to pay the remaining amount.

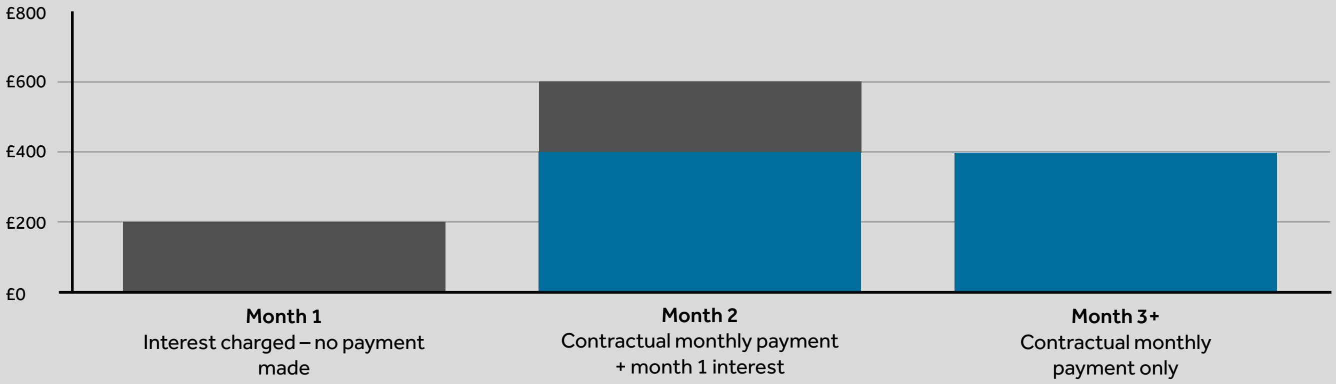
Choosing a longer mortgage term won't reduce your contractual monthly payments and you'll pay more interest overall.

What's a part repayment and part interest-only mortgage?

This is where some of the mortgage is on a repayment basis, and some is on an interest-only basis. The original loan won't be repaid in full, and you'll need a plan in place to repay the outstanding mortgage amount at the end of the mortgage term.

Will my first monthly payment be different?

We'll confirm your first payment in your first payment notice. It might be higher than your normal contractual monthly payment as it'll include any interest charged from the working day after we send the money to your solicitor or conveyancer, until the end of that month, as shown here.



What's a fixed interest rate?

A fixed interest rate will stay the same for a set length of time. This is called a 'fixed-rate period'. Your Offer Letter confirms when your fixed rate ends – this will be a set end date that isn't determined by when you take your mortgage out. When the fixed-rate period ends, you'll move to a variable rate. We'll contact you before the end of the fixed-rate period to let you know your options.

What's a variable interest rate?

A variable interest rate can change at any time. Our variable rates are tracker rates.

What's a tracker rate?

Our tracker rates are a set interest rate (called a 'margin') plus the current Bank of England base rate. If the base rate changes, your interest rate will change too, because your interest rate is linked to it. If the amount of your contractual monthly payment changes, we'll confirm your new contractual monthly payment at least 14 days before it's due.

Some tracker rates have a 'floor', which means the interest rate you're charged won't fall below a minimum rate.

Your Offer Letter will tell you how your rate relates to the Bank of England base rate, confirm your margin, and if a floor applies.

Where can I check my current interest rate?

You can log in to your mortgage account in Online Banking or the Barclays app, or call us.

Can I change my interest rate?

You can apply to change your interest rate to another one that's available to you at any time. If we agree, we'll confirm when the change will happen and what your new contractual monthly payment will be. You might have to pay an early repayment charge if your new interest rate starts before your current rate period ends.

What's an early repayment charge?

If you make a lump sum repayment, repay your mortgage in full, or change your interest rate before your current rate period ends, you might have to pay a charge. This is called an 'early repayment charge'.

Unless your Offer Letter states otherwise, our early repayment charge is a fixed percentage of the amount you repay, and the percentage doesn't change during the period that it applies.

Your Offer Letter will explain when an early repayment charge applies and will confirm any limits to the lump sum repayments you can make each year before you'd have to pay one. When we refer to 'each year' here, we mean the 12-month period from the end date of the interest rate. For example, if you have an interest rate that's fixed until 30 April 2025, 'each year' runs backwards from 30 April 2025 to 01 May 2024, 30 April 2024 to 01 May 2023 and so on. Your Offer Letter will also explain how we calculate the early repayment charge and the maximum that you'd pay.

Can I pay more than my contractual monthly payment?

Yes. You can pay as much extra as you want to, on top of your contractual monthly payment. How much you pay is important because we'll treat the payment differently depending on how much it is (see below) and you may have to pay an early repayment charge. If you do make extra payments, you'll pay less interest overall. We won't return any extra payments to you, and you'll need to keep making your contractual monthly payment as usual.

If you're unsure about whether making an extra payment is right for you there's lots of information available on our website, or you can call us on **0333 202 7580**.

What's a lump sum repayment?

This is an extra payment that's three times your contractual monthly payment or more. Sometimes we call this a 'part-redemption'. Lump sum repayments reduce your future contractual monthly payments, but your mortgage term stays the same, as shown here:

Will your loan amount reduce?	Will you pay less interest each month and overall?	Will your contractual monthly payment change?	Will your remaining mortgage term reduce?	Can lump sum repayments be used to fund underpayments?
✓	✓	✓	✗	✗

We'll send you a revised payment notice confirming your new contractual monthly payment over your remaining mortgage term.

What's an overpayment?

This is an extra payment that's less than three times your contractual monthly payment.

If you have an Open Plan Flexible Mortgage or an Offset Mortgage, your Offer Letter and Mortgage Conditions will explain how overpayments work.

For all our other residential mortgages, the overpayment will go into an 'overpayment balance'. This will reduce the amount of interest you're charged but won't change your future contractual monthly payments, as shown here:

Will your loan amount reduce?	Will you pay less interest each month and overall?	Will your contractual monthly payment change?	Will your remaining mortgage term reduce?	Can overpayments be used to fund underpayments?
✓	✓	✗	✗	✓

We'll only reduce your contractual monthly payment to consider any overpayments if we're changing your payment for another reason, as stated in your Mortgage Conditions. We won't change the mortgage term, but you can use any overpayment balance to repay the mortgage early.

You can also apply to use your overpayment balance to help you make underpayments in the future. If you'd like to do this, please log into Online Banking and start a webchat or call us on **0333 202 7580**.

Fees, costs, charges and expenses

As well as paying interest, you might also have to pay certain fees, costs, charges and expenses.

You might need to pay fees when you take out your mortgage. You will need to pay these fees upfront, other than the product fee (if there is one) which can be added to your mortgage. If you choose to add a product fee to your mortgage, we'll charge interest on it. Your Offer Letter will explain the fees payable and confirm if a product fee has been added to your mortgage.

You may have to pay a mortgage exit fee if:

- **Your mortgage is repaid in full,**
- **You transfer the loan to another lender,**
- **You transfer borrowing from one property to another,**
- **You add or remove a borrower from the mortgage.**

You can find our common fees and charges in our Tariff of Mortgage Charges. They may change from time to time, so please check our website for the current version. Your Offer Letter and/ or Mortgage Conditions explain when these are payable.

You'll also have to pay any fees, costs, charges and expenses we reasonably incur in connection with the mortgage. For example, if you don't make your contractual monthly payments and we take steps to take possession of and sell your property.

We may also pay costs, charges and expenses on your behalf, which you'll need to repay to us. If you don't, we'll add them to the amount you owe, and you may have to pay interest on them.

Your contractual monthly payments won't cover these fees, costs, charges or expenses and you'll need to repay them separately or at the end of your mortgage term. You're free to repay them whenever you like, to reduce the amount of interest you'll pay on them.

What if I'm worried I can't afford my contractual monthly payments?

If you haven't taken out the mortgage yet and your circumstances have changed, or you believe they might, please contact your mortgage adviser or broker immediately.

If you've already taken out the mortgage and you're worried you can't afford your contractual monthly payment, visit the Mortgage Support Hub on our website for details of the help and support available. You can also call us on **0333 202 7580** to discuss your options.

Do I need buildings insurance?

Yes. It's important you have buildings insurance for your property. If anything happens to it, you'll still need to repay the amount you owe us. The insurance policy must meet the Mortgage Conditions to make sure it covers a claim for the property to be fixed or rebuilt. You may need to pay any money you receive from a claim to us.

If your property is leasehold and your landlord is responsible for insuring it, you must make sure they do this.

Can I rent my property out?

Before renting your property out, you'll need our 'consent to let'. Sometimes we call this 'permission to let'. You can request this by completing the form on our website. If we give this consent, it'll reduce the range of interest rates and services available to you.

If you'd like to let all or part of your property on a short-term basis, which means for no longer than 30 consecutive days, and you meet all the short-term occupancy conditions on our website, you don't need our consent.

If you're thinking about renting out your property our website has additional information to help and support you. If you would like to discuss your options, please call us on **0333 202 7580**.

If you have any questions or don't understand any of the information in your Offer Letter, Mortgage Conditions, Mortgage Deed or Tariff of Mortgage Charges, please call us on **0333 202 7580**.

Your home may be repossessed if you don't keep up repayments on your mortgage.

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