

SUPPORT FOR MORTGAGE INTEREST (SMI)

If you're on certain benefits and struggling to pay your mortgage, you might be able to get a loan from the government to help pay the interest – so your usual repayments are less. This is called Support for Mortgage Interest (SMI).

What is a Support for Mortgage Interest (SMI) loan?

You can ask the government for a loan to help pay interest charges if you claim (or start claiming) one of these benefits:

- Universal Credit, or
- Pension Credit, or
- Employment and Support Allowance (income-related).

The loan is called Support for Mortgage Interest (SMI) and is normally paid directly to your lender to pay:

- mortgage interest
- loan interest – if the money was used for:
- essential repairs or home improvements, like insulation or dangerous faults
- changes to your home if someone in your household is ill or disabled
- paying legal fees or stamp duty, or
- buying your ex-partner's share of your home.

You won't have to pass a credit check and it normally won't affect your credit rating.

But it's not designed to help you repay the amount you have borrowed, and it can take months to arrange. If you're worried you'll miss a repayment, [ask your lender for help](#).

An SMI loan likely won't cover all of your interest payments

SMI loans will help pay the interest on up to £200,000 of your mortgage or loan, or £100,000 if you get Pension Credit. These limits are only lifted if the loan was used to pay for changes to your home due to a disability or illness.

The amount you'll get is then calculated using one standard interest rate – [currently 3.66%](#)

So, if your interest rate is higher than this, and/or your mortgage or loan is above the limit, your SMI loan will only pay some of the interest you're being charged.

You might also get a lower SMI loan if other adults live with you without paying rent. This includes adult children still living at home.

Our free [Benefits calculator](#) will show you what you can get.

You might not get an SMI loan if you increase or get a new mortgage

Unless you're on Universal Credit, you can't normally get an SMI loan to help pay the interest on:

- a new loan or mortgage you take out, or
- an increase to an existing loan or mortgage.

But you might still qualify if the loan or mortgage is used for:

- buying a home to;
 - move out of rented accommodation
 - better suit the needs of a disabled person
- give children separate bedrooms – if you have at least one boy and girl aged 10 to 20.
- repaying an existing mortgage or loan.

You'll pay interest on the SMI loan

As SMI is a loan, interest will be added to the total amount you owe until it's repaid. But there are no other fees to pay. See the current [SMI interest rate on GOV.UK](#)

The interest rate is usually cheaper than other types of borrowing, like a normal loan, credit card or overdraft. The rate can change twice a year, but you'll be told if it does.

The loan can be repaid at any time or when you sell your home

There's no time limit to repay your loan, and you don't need to make any payments unless you want to. But if you sell or transfer ownership of your home, you must either:

- ask to [transfer the loan](#) if you buy a new property, or
- repay the loan and interest from money left after:
 - selling your home
 - repaying your mortgage, and
 - repaying any secured loans.

If there's not enough money left to repay some or all of your SMI loan, it will normally be written off. This means you won't need to repay it, unless you sold or gave away your home for less than it's worth on purpose.

If you die, your SMI loan will still need to be repaid, unless your home is left to your spouse or civil partner. The Department for Work and Pensions (DWP) will claim back the amount you owe from the money in your estate, after your home is sold.

Is an SMI loan a good idea?

An SMI loan is designed to make your mortgage or loan repayments more affordable, by reducing how much you'll need to pay your lender each month. You're then able to repay it at later date, either using money you'll get back when you sell your home or if you choose to repay early.

But as you'll pay interest, you'll pay back more than you'll borrow. The longer you keep the loan, the more interest you'll pay.

So, it's worth considering other options and getting advice before applying.

Alternatives to an SMI loan

These options might not all be possible in your situation, but are worth considering:

- [Ask your lender for help](#), which could include payment holidays.
- Switch to a cheaper mortgage – see [Remortgaging to get the best deal](#)

- Extend your mortgage term – your repayments will be less, but you'll pay more interest overall.
- Use savings to make your mortgage repayments – you might get a higher benefit payment if your savings fall below £6,000.
- Borrow from friends or family – but read [Borrowing money from or lending to friends](#) or people you know, first.
- Get a loan from a [credit union, bank or building society](#) – but this is usually more expensive and receiving a large sum of money can affect your benefits.
- Move to a cheaper home with a smaller or no mortgage – see [The cost of buying a house and moving](#) for the fees to consider.

Get help or advice before applying

Before applying for an SMI loan, it's a good idea to get advice. See our guide on Choosing a [financial adviser for paid advice](#).

Or these organisations have free helplines if you'd like to chat things through first.

Organisations with free helplines in your area:

England

[Citizens Advice](#)

[Shelter](#)

Northern Ireland

[Advice NI](#)

[Housing Rights](#)

Scotland

[Citizens Advice Scotland](#)

[Shelter Scotland](#)

Wales

[Citizens Advice](#)

[Shelter Cymru](#)

How to apply for SMI

If you're already claiming benefits, you apply to the benefit department that pays it. See contact details for [benefit offices on GOV.UK](#)

If you don't yet claim benefits, or to see if you qualify for other payments, [use our Benefits calculator](#). If you qualify, you'll be told if you can apply for an SMI loan as part of the benefits application.

You could wait months to get the money

Even if your application is processed quickly, you might have to wait months for the first payment. This is based on the type of benefit you get, and how long you've been claiming it.

Benefit you claim and when the first SMI payment can be made:

Pension Credit

Immediately

Universal Credit

After you've had payments for three months in a row

Income-related Employment and Support Allowance

After you've had payments for three months in a row

Your SMI claim can be backdated until the date you first became eligible for it.

You can appeal if you're refused an SMI loan

If you're turned down for an SMI loan, you can ask them to reconsider. See [How to appeal a benefits decision](#) for step-by-step help.

How to transfer an SMI loan

If you sell or transfer ownership of your main home, you'll normally need to repay your SMI loan. But if you're buying

and moving to a new property, you can ask to transfer your loan instead.

To do this, [let DWP know you're selling](#) and request your SMI loan to be transferred. You'll also need details of a conveyancer or solicitor who will help process the paperwork.

You can normally add any legal costs you'll need to pay to the value of your SMI loan.

How to make voluntary repayments

You don't have to repay an SMI loan until you sell or transfer ownership of your home, but making repayments would reduce the total amount of interest you'd pay.

GOV.UK has the details of the [DWP Loan Repayment helpline](#) you'd need to call.

Tell your lender if you're struggling to repay

If you've already missed a payment, [use our Debt advice locator tool](#) to find free and confidential debt advice online, over the phone or near to where you live.

If you're up to date with your mortgage or loan repayments but struggling, [ask your lender for help](#). They should provide support to help your situation.

This could include:

- a short payment 'holiday' or deferral
- extending the term of your mortgage.

You could also consider switching mortgages to get a better interest rate.

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