

September 30, 2010

New law to help families facing repossession **Protection for those ‘confronted by harrowing spectre of debt’**

A new law to protect homeowners across Scotland facing repossession comes into force today.

The Homeowner and Debtor Protection (Scotland) Act, provides the strongest legislative protection anywhere in the UK for those at risk of repossession.

All cases will now be heard in court with lenders required to prove that they have taken reasonable steps to avoid repossession.

And for the first time, advice agencies will also be able to play a greater role in supporting and representing people in court.

A new website, www.keepingyourhome.co.uk has been created to give information for homeowners and advice agencies about the new protection available.

Housing and Communities Minister Alex Neil said:

"Set against a backdrop of economic uncertainty, many Scots find themselves caught in a world of spiralling debt, putting family homes - and families - at risk.

"Repossession is a harrowing experience for anyone facing the threat of losing their home, but families confronted by the harrowing spectre of debt now have the full force of the law to fall back on.

"It is still vital that anyone in financial difficulties does not try to bury their head in the sand, but discuss matters at an early stage with their lender or an independent advice agency, before problems escalate."

Graeme Brown, Director of Shelter Scotland, the housing and homelessness charity, said:

"Greater protection for homeowners from the devastation of repossession is something Shelter Scotland has championed and we are delighted that this will now be enshrined in law.

"This legislation comes at a time where our experience shows that more people are struggling with mortgage payments - despite historically low interest rates - and as unemployment in Scotland continues to rise.

"Crucially, lenders now have to show in court that they have undertaken a number of prescribed steps before they can legally repossess a property.

“Shelter Scotland now wants to see similar measures introduced for social tenants facing debt problems to give them equal protection from homelessness.”

Lindsay Montgomery CBE, Chief Executive of the Scottish Legal Aid Board commented,

“We have been delighted at the way organisations across the advice and justice sector have worked together to prepare for the start of the Act to enhance access to advice at an early stage and at court.

“This includes advice and help at court via legal aid, Board employed solicitors, in court advice or other projects directly funded by the Board which target people affected by the economic downturn particularly regarding issues such as repossession and debt.

“Legal aid is available to those who qualify and is helping people with mortgage and debt related problems.”

A spokesperson for the Council of Mortgage Lenders said:

“The CML and its members support the introduction of the Homeowner and Debtor Protection (Scotland) Act 2010.

“Lenders throughout the UK are required to treat borrowers in arrears fairly and the FSA’s rules require lenders to do all they can to ensure repossession is a last resort.

“The new Act will require lenders in Scotland to provide evidence that this is the case in practice and they have acted in accordance with the FSA’s rules.”

Background

The website www.keepingyourhome.co.uk, funded by the Scottish Legal Aid Board commissioned via Shelter, is intended to be the first port of call for anyone seeking information on legislation affecting homeowners in Scotland.

MSP’s unanimously passed the Homeowner and Debtor Protection Bill on February 11, 2010. A copy of the news release is available at:
<http://scotland.gov.uk/News/Releases/2010/02/12082828>

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