

# Using your Flexible Offset Mortgage

## How does it work

Now you've got your mortgage you'll want to know how to make the most out of it.

Did you know that by having savings in your savings pot you'll reduce the interest charged on your mortgage – for example on an £80,000 mortgage, with £10,000 in your savings pot, you'll only be charged interest on £70,000 of your mortgage.

The good news is that because we don't reduce your monthly payment, the extra you're paying continues to build up in your savings pot on a monthly basis, which means you have the opportunity to pay off your mortgage even quicker.

If you would rather reduce your monthly payments than pay off your mortgage early, you can use your savings to make a capital reduction, e.g. so using the example above, your mortgage balance would reduce from £80,000 to £70,000, your savings would reduce to zero and your available funds facility would increase by £10,000.

Remember you can use your available funds facility for anything you want (excluding business purposes) – see the section overleaf on 'Borrowing more money'.

## Paying money into your savings pot and getting it out again

There are three options:

### Telephone

- Call 0845 600 0346.
- Give your mortgage account number.
- Tell us what you want to do.
- Your money will either be transferred from or to your bank account from where you pay your mortgage.
- Transferring your money out takes one working day.
- Payments in from your e-banking account will be credited next working day.
- Payments from your Direct Debit account will be debited and credited to your mortgage account within five working days.

### Post

Use the amendment form 'Using your Flexible and Flexible Offset Mortgage'. If you need another one please call 0845 600 0346.

- To take money out complete section 5.
- To put money in, complete section 6.
- Please allow seven days for requests by post.

### Internet

- Call 0845 600 0346 (select option 6) to register.
- We'll send you your personal ID, passcode, and registration number.
- If you've got a joint mortgage and both want online access you'll need to fill in the 'e-mortgage view and transact' form, which we'll send to you with your completion letter. However, if you need another one please call 0845 600 0346.
- You can now log on to [www.santander.co.uk](http://www.santander.co.uk) to view and manage your account online.
- Click on 'Online Mortgage Service' under 'Online Banking':
  - click 'Log on';
  - enter your personal ID, passcode and registration number and click submit;
  - to put money in – click on 'Lump sum payments';
  - to take money out – click on 'Withdraw money';
  - click on the drop down box and choose which account you want to transfer money from or to; and
  - for withdrawing money from your savings pot remember to click that you want to withdraw money from your savings funds and not your available funds.
- Transferring money out takes one working day.
- Payments in from your e-banking account will be credited next working day.
- Payments from your Direct Debit account will be debited and credited to your mortgage account within five working days.

## Paying off your mortgage early

A great feature of your Flexible Offset Mortgage is that you can choose when you want to pay off your mortgage, without any early repayment charges.

So, you could choose to:

- overpay on your mortgage each month;
- make a series of regular lump sum payments; or
- just make a one-off/lump sum payment.

So, if you get a bonus from work or simply want to put in some money into your savings pot you can make a big difference to your mortgage. You can do this by telephone, internet or post.

Note: Any overpayments are automatically put into your savings pot (unless you tell us otherwise), so if you want to take some money out you can do this by following the guidelines in the 'paying money in and out' section above.

### Reducing your monthly payments

Whether you've spent too much, didn't get as big a bonus as expected, or are struggling with a new baby, there are times when your Flexible mortgage can help with reduced monthly payments. There are three options:

#### Making an underpayment

All you need to do is choose:

- when you would like the underpayment to start from;
- how long you would like to underpay for;
- how much you would like to underpay by; and
- whether you want to fund it from your savings or available funds.

You can arrange this over the telephone, on the internet, or by post as detailed overleaf.

#### Taking a payment holiday

This is similar to an underpayment except you request not to pay your monthly payment.

Remember, during a payment holiday interest continues to be charged and collected, together with any capital repayment element that is due. This must be funded using either your savings pot or available funds facility.

#### Making a capital reduction

By paying off a lump sum of your mortgage balance you can reduce your monthly payments. If you have used all of your savings pot to reduce your mortgage balance your mortgage term will no longer be reduced until further funds are put in your savings pot.

You can arrange a capital reduction by phone or post as detailed overleaf.

### Borrowing more money

When you applied for your mortgage we agreed a credit limit with you up to a maximum 75% Loan to Value (LTV).

The difference between your credit limit and your outstanding mortgage balance is called your Available Funds.

You can use your Available Funds whenever you want, to pay for a dream holiday, a new car, or to even get married – the choice is yours. The good thing is we'll only charge you the same rate of interest as on your outstanding mortgage balance (cannot be used for business purposes).

You can arrange this by internet or post as detailed overleaf.

#### Important things you need to know

In order to protect our customers, we operate a policy of reviewing every quarter the credit limit on Flexible mortgages in line with house price values to ensure that the mortgage balance and available funds do not exceed 90% of the value of your property. Where it does, we reserve the right to reduce any credit limit over the 90% limit which is not being used.

If you are at or approaching 90% of the value of your home, any funds paid off your mortgage balance may not be accessible in the future if your house price falls in value and your 'available funds' amount is reduced in line with the policy above. If this is the case, we will write to you to let you know we are reducing your available funds.

#### Important information for customers who are thinking about making an overpayment

If you have a lump sum that you wish to use to reduce your Flexible mortgage balance, it's worth bearing in mind that if you deposit money into the savings pot – you will always be able to access it at a later date (no charges are made for withdrawing funds from the savings pot). We can't use this to reduce the balance outstanding, even where the property value has been reduced. We would only move funds from the savings pot if the account is in default or if the value of your savings pot is equal to the mortgage balance and you are therefore in a position to pay off your mortgage loan.

Alternatively, if you decide to make a capital repayment to reduce your monthly mortgage payments, in normal circumstances this would also increase the available funds balance. However, potentially your house price could fall, meaning that we could at a later date reduce the available funds balance or remove it altogether. This would mean you would not be able to access this money in the future.

We are able to provide literature in alternative formats. The formats available are: large print, Braille, audio tape and PC disk. If you would like to register to receive correspondence in an alternative format please give us a call and ask for a 'Preferred Communication Request' form.

### YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

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