DEBT CONSOLIDATION

What You Need to Know

What is Debt Consolidation?

Debt consolidation means adding some or all of your existing unsecured debts (such as credit cards, loans, or store cards) into your mortgage. This creates one single monthly payment instead of several separate ones.

Many clients choose this option to reduce their monthly outgoings or to simplify their finances.

How It Works

If you consolidate your debts into your mortgage:

- Your mortgage balance increases
- Your monthly mortgage payment may change
- Your unsecured debts become secured against your home

This means your home could be at risk if you do not keep up repayments.

Why We Show You Multiple Illustrations (ESIS Documents)

To help you make an informed decision, we provide six different mortgage illustrations. These show:

- The cost of your mortgage with debt consolidation
- The cost of your mortgage without debt consolidation
- The difference when lender fees are added or not added

This allows you to clearly compare all options and understand the financial impact.

Key Things to Consider

1. Secured vs Unsecured Debt

Unsecured debts (like credit cards) are not linked to your home. When you consolidate them into your mortgage, they become secured.

This means:

- Your monthly payments may reduce
- But you may pay more interest overall because the debt is repaid over a longer period
- Your home is now at risk if you do not keep up repayments

2. Total Cost Over Time

Even if your monthly payment becomes lower, the total amount you repay may increase because mortgages are usually repaid over a longer term.

We will show you this clearly in the ESIS comparisons.

3. Lender Fees

Some mortgage products include fees. We show you the difference between:

- Adding the fee to the loan
- Paying the fee upfront
- Choosing a product with no fee

This helps you understand which option is most cost-effective for you.

Why This Might Be Right for You

Debt consolidation may be suitable if you want:

- Lower monthly outgoings
- A simpler, single monthly payment
- To improve your cashflow
- To reduce financial stress

We will only recommend this if it aligns with your goals and is affordable for you.

Why This Might Not Be Right for You

It may not be suitable if:

- You are close to paying off your unsecured debts
- You do not want to secure more debt against your home
- The long-term cost outweighs the short-term benefit

We will discuss these points with you in detail.

Our Commitment to You

We will:

- Explain all your options clearly
- Show you all six ESIS illustrations
- Discuss the risks and benefits
- Make sure you understand the implications
- Recommend the option that best meets your needs

Our aim is to help you make an informed decision based on your needs, circumstances and affordability.