



Lend a Hand mortgage

Information for first-time buyers and the
family member supporting them



LLOYDS



In this guide

Make yourself at home with our Lend a Hand mortgage	3
What you need to know as the first time buyer	6
What you need to know if you're the family member	9
How to Open the savings account	11



Make yourself at home with our Lend a Hand mortgage

First things first, who's our Lend a Hand mortgage for?

We've designed our three-year fixed rate Lend a Hand Mortgage for first-time buyers (**borrower**) who have:

- a small or no deposit,
- and a close family member (**supporter**) who can **secure the mortgage** by placing **10% of the purchase price** in a three-year fixed term savings account. The account will have a Legal Charge over it.



The Legal Charge is an agreement between your supporter and us. If the borrower misses mortgage payments, we can take money from the supporter's savings account to repay the amount owed. If this happens, the supporter will not get all their money back.

If the first-time buyer lacks enough deposit, this could help them get onto the property ladder faster.

With our Lend a Hand Mortgage, you could:

- buy your first home with a small or no deposit.
- borrow up to 100% of a property's purchase price or valuation, whichever is lower.

If you have a close family member who can provide us with additional security, they'll be your supporter.

They must live in England or Wales and need to be your relative through:

- Birth or blood.
- Marriage or civil partnership.
- Stepchildren or adopted children.
- In-laws.
- Aunt or Uncle.



You could lose your home if you don't keep up your mortgage repayments. The supporter's savings could also be at risk.

Continued ►



Make yourself at home with our Lend a Hand mortgage (continued)

Your supporter will get their money back after the fixed rate savings term has ended, as long as you stay up to date on your mortgage payments.

The money stays in the savings account and earns the supporter interest that they'll receive annually. At the end of the Lend a Hand three-year fixed-rate mortgage we'll release the Legal Charge over the savings account. The supporter won't be able to access their savings until the Legal Charge is released, and the savings account has reached the end of its fixed term.

If you miss mortgage payments, we can use money from the savings account to bring the account up to date. If we take possession of the property and the sale doesn't fully repay the mortgage, we can take money from the savings account to make up the difference.

The nuts and bolts of Lend a Hand



- ✓ Your mortgage rate is fixed for three years. We'll tell you what rates are available when you apply. At the end of the fixed period, the mortgage rate will switch to one of our lender variable rates or, if you are eligible, you may be able to choose from other products we have available at the time. Your Mortgage Illustration will set out the interest rate you will switch to.
- ✓ Your loan is only available as a repayment mortgage. So, every month, your payments reduce the amount you owe, as well as paying off the interest.
- ✓ The maximum loan is £500,000.
- ✓ The maximum mortgage term is 30 years.
- ✓ You do have the option of putting down a deposit of up to 4.99% alongside the security being provided by your supporter.

During your mortgage interview, we'll take details from you about your circumstances. This allows us to assess your mortgage needs to make sure this mortgage is right for you. Lending is subject to eligibility.

What can't you do with it?

You can't combine a Lend a Hand mortgage with our other mortgage offers, and you can't use it for certain property types. For example, it's not available if you are buying:

- a new-build property
- a self-build property
- a Help to Buy property
- under a shared equity or shared ownership scheme
- under a right-to-buy scheme.

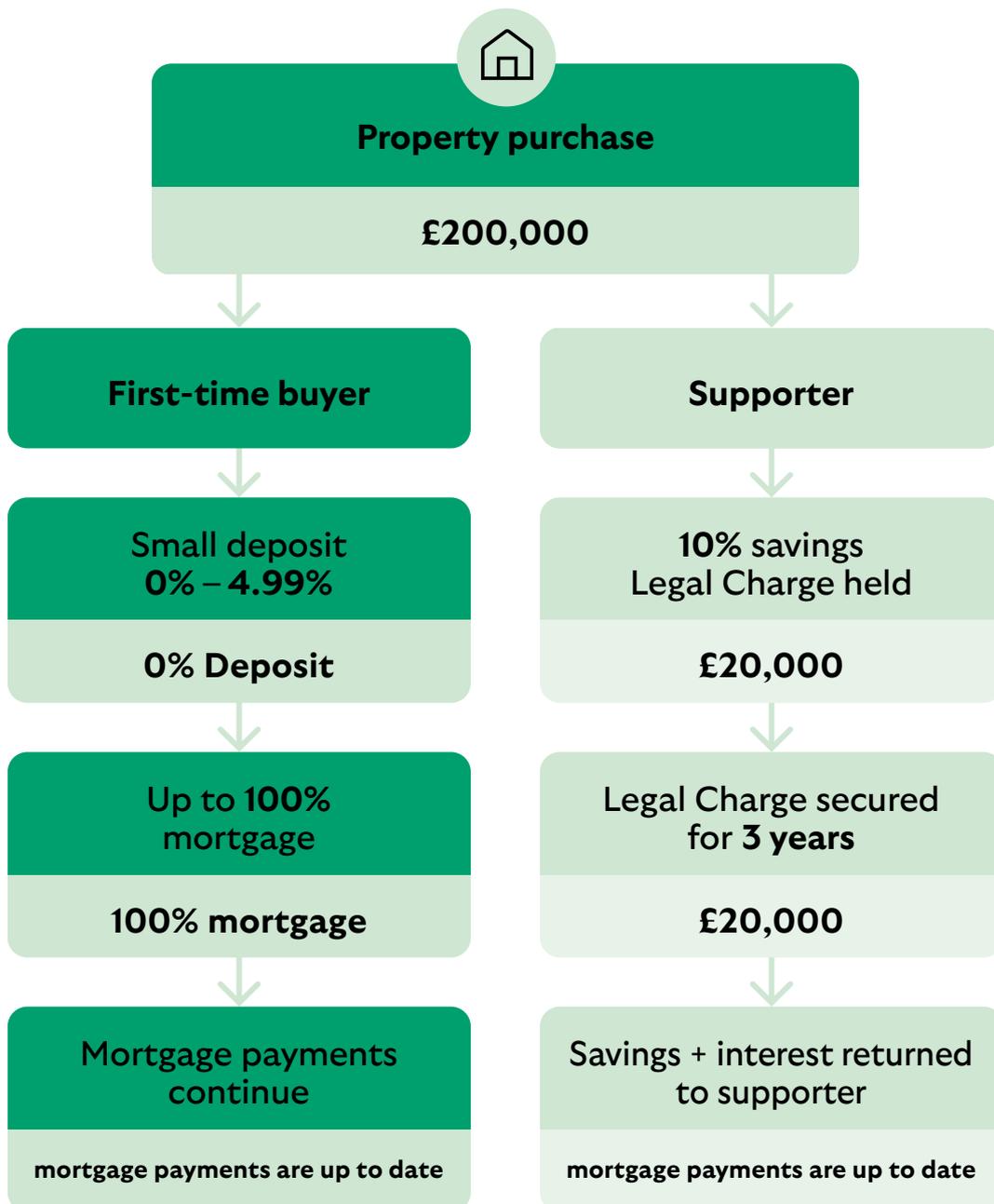


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Make yourself at home with our Lend a Hand mortgage (continued)

Example: Based on £200,000 property value and no mortgage arrears





What you need to know as the first time buyer

Can I apply for a Lend a Hand mortgage?



Either you or your supporter must hold an open Club Lloyds or Lloyds Premier personal current account. A monthly fee for this account may apply.

Borrowers

You must be:

- Aged 18 or over.
- Living in England or Wales.
- Planning to use the home as your main residence.
- Receive your income in Sterling.
- The property you buy must be in England or Wales.

Apply on the phone or in branch



Visit your local branch



Call us on **0345 607 2521**
Lines are open from 8am to 8pm Monday to Friday and 9am to 4pm on Saturdays

Your supporter can attend your mortgage interview, but they don't have to. You'll need to provide personal details about you and your supporter. Let them know that you'll provide their personal information on their behalf if they don't attend the interview.

We'll have permission to share information about you, your application and mortgage account with your supporter, for the period they act as your supporter.

After your mortgage interview, your supporter will need to open the savings account online.

You'll receive an email from your Mortgage Adviser. Please forward this email to the supporter. The email will include instructions on how to open the savings account and a declaration. The supporter needs to complete the declaration and return it to you.

The maximum deposit you can put down is 4.99%

We don't need a deposit, but if you have one that's up to 4.99% of the property price, you can use it. This means the amount you need to borrow and the overall cost of your mortgage will be reduced.

Continued



What you need to know as the first time buyer (continued)

What's a Legal Charge and how long does it last?

- This is a legal agreement between your supporter and us.
- We'll share mortgage account information with your supporter, including if you miss payments and any actions we take to collect them.
- The Legal Charge will normally last three years from your mortgage start date. If you fall behind on payments, we may extend it until your account's been up to date for six months in a row.

More information can be found in the **Savers Charge and Conditions** that you'll receive from your conveyancer.



We might use the supporter's savings if you miss a mortgage payment

If you miss two or more payments on your mortgage we'll be entitled to take money from the savings account. We'll give your supporters notice before we do this.

We may take money from the savings account if we take possession of your property and the sale doesn't cover what you owe.

The amount you owe will include any costs we pay to take possession of the property and sell it. We may continue to add interest to your mortgage until your missed payments are brought up to date. This means the amount you owe may increase.

You, as the first-time buyer, will need to pay any amount that has not been covered by the amount held in the savings account.

Continued 



What you need to know as the first time buyer (continued)

Independent legal advice

Your supporter should take independent legal advice before they sign the legal documents. They need to understand what they're responsible for and how the Legal Charge over the savings account works.

Get cashback from us towards legal advice

Your Mortgage Illustration will tell you the cashback amount we'll pay towards the cost of your supporter's independent legal advice. It may not cover all the legal costs and your supporter should get some quotes.

We'll forward the money to your conveyancer when the mortgage completes and ask them to send it on to your supporter. If your mortgage does not complete, we won't make a payment but there still may be costs to pay.



What you need to know if you're the family member

If you're helping a first-time buyer with their mortgage, there's more to know about the savings beyond the first part of this leaflet. So here's a summary of how the Lend a Hand mortgage would work from your perspective.

Open a savings account online



- As a supporter, you'll open either an Easy Saver or Club Lloyds Saver savings account with us that represents additional security for the mortgage. This means we'll use the supporter's savings as security for the mortgage. If the borrower misses payments, we can take money from the savings to repay the amount owed. You'll need to add the sort code and account number of the savings account onto the declaration you'll receive from the borrower.

Put in 10% of the property price



- You'll deposit 10% of the property price into the Easy Saver or Club Lloyds Saver before the borrower completes the purchase. We'll then change the account into a Lend a Hand three-year fixed term savings account before the property purchase completes.

Get the money ready 7 days before completion



- Make sure the funds are in the savings account at least seven working days before your family member completes the purchase. You'll also need to tell the conveyancer handling the purchase as soon as you have done this.

Other things you need to know



- The interest rate is fixed which means it won't change during the three year term.
- The amount you hold in the savings account allows the borrower to secure a Lend a Hand Mortgage.
- After the three year term, the savings account will change to a Standard Saver that pays a variable rate.
- The supporter can only open a Lend a Hand Fixed Savings Account in their sole name.

Continued ►



What you need to know if you're the family member (continued)

Other things you need to know

For information on the rate you could earn, please visit our website lloydsbank.com/savings

- We'll have a Legal Charge over the 10% deposit balance, apart from interest, on the savings. If the borrower misses payments, we can take money from your savings to cover this. If they are in arrears when your Lend a Hand Fixed Term Savings Account ends, we will extend the Legal Charge over your Standard Saver. This means that you may get back less than you originally put into the savings account.

We'll collect and process your personal information. The applicant may share your personal information with us, and we may need to share it with them during the mortgage term. Find out more about what we do with your personal data: lloydsbank.com/privacy



We recommend you take legal advice before you make a decision. You can find a legal representative at solicitors.lawsociety.org.uk



You will receive an email from the borrower containing information on how to open the Easy Saver or Club Lloyds Saver account and a declaration for you to complete and return to the borrower. You can open the savings account via the mobile banking app or online banking.



Sign and return the Legal Charge over the savings account. This will be sent to you by the conveyancer acting on the purchase.



Put **10%** of the **property value** into the Easy Saver or Club Lloyds Saver. You should pay the money in at least seven days before completion of the property purchase. Make sure you tell the conveyancer once you've done this.



We change the account to a Lend a Hand Fixed Savings Account. This will happen shortly before the property purchase completes and we'll let you know when we've done this.



You receive **£300 cashback**. This is a contribution towards legal costs. This will be sent to you by the borrower's conveyancer after the property purchase completes.



How to open the savings account

Follow these instructions on how to open the required savings account.

You can open the savings account via:

Mobile banking app

- Select 'Apply' from the bottom menu.
- Choose 'Savings'.
- Select 'Easy Saver or Club Lloyds Saver'.
- Complete the application form.
- Your account will be opened immediately.

Online banking

- Log in to online banking by visiting **lloydsbank.com**
- Click on 'Savings & Investments' under 'Our Products and Services'.
- Click on 'Compare savings'.
- Choose 'Easy Saver' or 'Club Lloyds Saver'.
- Complete the application form.
- Your account will be opened immediately.

Continued ►



What you'll need to know

What next?

- We'll pay £300 cashback towards the supporter's independent legal advice. This is paid through the borrower's conveyancer when the mortgage completes. We'll pay the cashback only after completing the mortgage.
- If all mortgage repayments and charges are up to date, we'll release the Legal Charge at the end of the three year fixed term. See the Lend a Hand Fixed Savings account conditions for what happens if mortgage payments are missed.
- Before the Lend a Hand Fixed Savings account term ends, we'll write to you about your options and next steps.

Important notes:



- You can't be on the mortgage if you are also on the savings account.
- We can use the savings account to pay the mortgage arrears, so you might get back less than you originally deposited.

Other things you might want to know

Who is a first-time buyer?



We consider a first-time buyer someone who has never had a mortgage or bought property in the UK or abroad.

If one applicant is a first-time buyer, the other person on the application is also eligible for this mortgage.

How long will the Legal Charge last?



We'll release the Legal Charge after three years as long as the mortgage payments are up to date.

If the borrower falls behind on payments in the last six months of the Legal Charge, we may extend its period. We won't release the Legal Charge until the mortgage account has been up to date for six months in a row.

In some circumstances, we may be able to release the supporter from the Legal Charge over the savings account early. The supporter would need to contact us to discuss this.

Continued ►



What you'll need to know

What if the first time buyer wants to move house?

If the borrower moves before their fixed term ends, they can transfer the mortgage rate and early repayment charge to a new mortgage. If they are borrowing more, they'll need a new mortgage product for the extra amount.

It is only possible to have one Lend a Hand mortgage. If the borrower decides to move, they would need to apply for a new mortgage and would need a personal deposit. We'll decide whether to offer a new mortgage based on our lending policies at the time.

What if the value of the property falls?

'Negative equity' describes what happens when a property value falls so that it is worth less than the amount owing on the mortgage. Negative equity commonly occurs when house prices fall, so it affects some parts of the country and properties more than others.

A low or no deposit means there is a higher risk of negative equity. This could make moving home difficult or even impossible because the money received from selling the property won't be enough to repay everything owed. Also, the borrower may not have anything left for a deposit on a new property.

What if the house is sold for less than the mortgage owed while the Legal Charge is in place?

Selling the property for less than the amount owed would mean there's an amount owed to the mortgage.

If this happens, we may take money from the savings account. If the savings account does not have enough in it to cover the shortfall, we'll ask the borrower to pay the rest.

What if there are two applicants and they separate from each other after they have taken the mortgage?

The borrower will need to contact us to discuss their options. The Legal Charge over the savings account will stay in place and not change. This is because the supporter's commitment relates to the first-time buyer mortgage, not the individual borrower.

Can the supporter open the savings account in joint names?

No, the savings account can only be opened in a sole name.

Continued 



What you'll need to know

What if the supporter needs their money in an emergency?



It's important to note that even in an emergency, you can't withdraw from the savings account. The supporter should consider if they might need access to the money during the minimum three-year term of the Legal Charge.

Can the applicant borrow more money on their Lend a Hand Mortgage?



No, they can't borrow any more money while they have the Lend a Hand Mortgage.

Can the borrower choose a new fixed rate mortgage at the end of the three year term?



The borrower can choose from any of our mortgage products that are available at the time, subject to eligibility.



If you've got any questions that we haven't answered here, you can call us on **0345 607 2521**.



Go to lloydsbank.com/mortgages/first-time-buyers/lend-a-hand



Call us on **0345 607 2521**
Lines are open from 8am–8pm
Monday to Friday and
9am–4pm on Saturdays



Visit your local branch

If you need this communication in another format such as large print, Braille or audio CD please contact us.

You can call us using Relay UK if you have a hearing or speech impairment. There's more information on the Relay UK help pages www.relayuk.bt.com

SignVideo services are also available if you're Deaf and use British Sign Language: lloydsbank.com/contact-us/sign-video
If you need support due to a disability please get in touch.

Calls and online sessions may be monitored and recorded. Not all Telephone Banking services are available 24 hours a day, seven days a week.

Our app is available to customers with a UK personal account and valid registered phone number. Minimum operating systems apply, so check the App Store or Google Play for details. Device registration required. Terms and conditions apply.

Important information

Eligible deposits with us are protected by the Financial Services Compensation Scheme: lloydsbank.com/legal/financial-services-compensation-scheme We are covered by the Financial Ombudsman Service.

Free independent money advice

For free, clear, unbiased money guidance, information and tools to help you manage your money better, the Money and Pensions Service is available at moneyhelper.org.uk or by calling **0800 138 7777**. This is an independent organisation set up by the government and funded by a levy on the financial services industry.

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