

# New home loan system

Questions and Answers

## Introduction

On 4th August 2024 we will be launching a new Home Loan System which will bring several changes.

## Account number

### Will my home loan account number change?

Yes, your account number will change from an 8-digit number to a 12-digit number. Please note that this change will not in any way affect your existing loan account balance which will be continued from your 8-digit account number to the 12-digit account number. In addition, all registered hypothec/s and any other security taken in connection with your home loan are to remain intact and unimpaired. After the launch of the new home loan system, we will be sending you details of the 12-digit account number.

### Will my payment instructions with HSBC for my home loan repayments be updated with the 12-digit account number?

Yes, any payment instructions that you have in place with us for your home loan repayments will be automatically updated with the 12-digit account number.

### What if I don't have payment instructions with HSBC for my home loan repayments?

If you don't have payment instructions in place with us for your home loan repayments, we urge you to set up direct debit instructions to cover your home loan repayments as soon as possible and prior to 4th of August 2024, to avoid having your home loan repayments falling in arrears and incurring additional interest on your home loan.

For further details on how to set up direct debit instructions to cover your home loan repayments, please refer to the question on 'How may I set up or change direct debit instructions for my home loan repayments?' under the 'Home loan repayments' section of this document.

### What if I have received a letter from the Bank informing me that a direct debit has been set up for my home loan repayments?

No action is required from your end if you have received a letter informing you that a direct debit has been set up for your home loan repayments. Such letters also specify the account to be debited with your home loan repayments. Please ensure that you hold sufficient funds in the said account to cover your home loan repayments. For further details on how to change a direct debit which has been set up for your home loan repayments please refer to the question on 'How may I set up or change direct debit instructions for my home loan repayments?' under the 'Home loan repayments' section of this document.

## Online banking statements

### May I view the statements with my previous account number online?

Previous statements that were issued with the 8-digit account number will no longer be visible on online banking. We encourage you to print or download these statements before 4th August 2024.

From 4th August 2024 onwards, in order to obtain a copy of a previous statement issued with your 8-digit account number, you may request such a statement by visiting one of our branches, calling our Contact Centre or by sending a secure message through online banking.

However, after 4th August 2024, you will also receive by post a statement with your 8-digit account number covering the period from 1st January 2024 till 3rd August 2024. You will receive this statement by post even if you normally receive your statements online.

### May I view the statements with the new account number online?

In case you have opted to receive e-Statements, you will be able to view online the statements issued from 4th August 2024 onwards under the e-Statement option, Statement type – Loan statement.

## Online banking – What are the changes?

### - Transactional activity

You may now view the transactional activity of your home loan account in the same way as you currently view your current or savings account transactions.

When viewing transactions effected before the 4th of August 2024 you will note that for loan repayment transactions only the principal amount will be shown on your online banking. You may view the amount of interest paid on such loan repayment transactions on the statements of the 8-digit account number.

### - Payment Options

Our online banking has been enhanced and now includes the following payment options:-

- Pay your full amount in arrears – This payment option will allow you to pay in full the total outstanding amount in arrears on your home loan (consisting of your overdue principal and overdue interest) and any additional interest that you would have incurred on your home loan up to that date.
- Make an Extra Payment – This payment option will allow you to make a payment to your home loan account which is in addition to your home loan monthly repayment. Extra payments will be allocated to the capital and the outstanding loan amount will be reduced accordingly. Please note that if you make an extra payment to your home loan account, you will still need to continue making your monthly home loan repayments as scheduled, as otherwise your home loan account will fall in arrears and you will incur additional interest on your home loan until such time that any outstanding repayment amounts are paid in full. In addition, if you are in arrears on your monthly home loan repayments, you will not be able to make extra payments to your home loan account.
- Close account - This payment option allows you to close your home loan account by paying your home loan account balance in full and any interest due up to the date of closure of your home loan account.

### Online bill payment

You will no longer be able to make payments to your home loan account using the 'Pay a bill' option on your online banking. If you usually make your home loan repayments via the 'Pay a bill' option on your online banking, we urge you to set up direct debit instructions for your home loan repayments to avoid your home loan repayments falling in arrears and incurring additional interest on your home loan.

For further details on how to set up direct debit instructions to cover your home loan repayments, please refer to the question on 'How may I set up or change direct debit instructions for my home loan repayments?' under the 'Home loan repayments' section of this document.

### What if I have received a letter from the Bank informing me a direct debit has been set up for my home loan repayments?

No action is required from your end if you have received a letter informing you that a direct debit has been set up for your home loan repayments. Such letters also specify the account to be debited with your home loan repayments. Please ensure that you hold sufficient funds in the said account to cover your home loan repayments. For further details on how to change a direct debit which has been set up for your home loan repayments please refer to the question on 'How may I set up or change direct debit instructions for my home loan repayments?' under the 'Home loan repayments' section of this document.

## Home loan repayments

### How may I set up or change direct debit instructions for my home loan repayments?

To set up or change direct debit instructions for your home loan repayments you may visit one of our branches.

Please note that:

- i. if the account to be debited is in joint names, both account holders of the account to be debited will need to visit one of our branches in order for the direct debit instructions to be set up or changed; AND
- ii. if the home loan account is in joint names, both home loan account holders will need to visit one of our branches in order for the direct debit instructions to be set up or changed.

In order for your direct debit instructions to apply from your upcoming monthly repayment date, such direct debit instructions must be set up at least 7 working days prior to the said date.

**Are there other options to pay the monthly home loan repayments other than by setting up direct debit instructions?**

If you do not set up direct debit instructions to cover your monthly home loan repayments, you will need to visit any of our branches prior to each and every monthly repayment date in order to make your home loan repayments in time.

**What happens if there are insufficient funds in the current/savings account from which my monthly home loan repayments are debited to cover my monthly home loan repayment?**

Please ensure that you hold sufficient funds in your savings or current account to cover your home loan repayments.

If on the monthly repayment date you do not have sufficient funds on your current or savings account from which your home loan repayments are debited (your 'repayment account') to cover the full repayment amount, a hold equivalent to the outstanding repayment amount will be placed on your repayment account until the outstanding repayment amount is paid in full. When such a hold is in place, any funds which become available on your repayment account within 20 working days from the monthly repayment date will be automatically credited to your home loan account to cover your outstanding repayment amount. However, if you place funds in your repayment account after 20 working days from the monthly repayment date, these funds will only be credited to your home loan account on the next monthly repayment date. Please note that if you do not have sufficient funds on your repayment account to cover the full monthly repayment amount, the Bank also has the right to, at any time, debit any such outstanding repayment amount as well as any additional interest that you would have incurred up to that date, from any other current or savings account with a credit balance held in your name, or in case of a joint home loan, in the name of any of the borrowers.

You may also pay directly any outstanding repayment amount as well as any additional interest that you would have incurred up to that date, whether in full or in part, by visiting one of our branches. In addition, your total outstanding repayment amount and the additional interest that you would have incurred up to that date, may also be paid in full via online banking.

**Are there any potential additional costs in case of missed repayments?**

Please be aware that you will incur additional interest on your home loan until such time that any outstanding repayment amount is paid in full, whether such an amount is credited to your home loan account from your repayment account, is otherwise transferred by you to your home loan account, or we manage to debit any such outstanding amount from any other of your current or savings accounts, whichever is the earlier.

**Why are my home loan repayments fluctuating every month?**

If you have a HomeStart Loan, Bridge Loan or Interest Only Home Loan, and your repayments only cover the interest, you will notice that your repayment amounts will no longer remain equal but will vary slightly from month to month depending on the number of days in each month. This will not affect your total repayment.

**Why is my repayment split into two separate transactions?**

- Extra payments

If you regularly pay an extra amount by direct debit to your home loan account, going forward you will see two separate transactions both on your home loan account and on the current/savings account from which your home loan repayments are debited. One transaction will reflect your regular monthly repayment and the other transaction will reflect the extra amount being paid.

- Moratorium during the Covid19 period

If, during the Covid19 pandemic, you chose to stop your monthly repayments for some time, you will notice that your monthly repayment will now be divided into two separate transactions. One transaction will reflect your regular monthly repayment (i.e. your monthly repayment excluding the portion thereof representing the payment of interest which had accumulated during the period in which you had stopped your monthly repayments during the Covid19 pandemic) and the other transaction will reflect the payment for interest which had accumulated during the period in which you had stopped your monthly repayments during the Covid19 pandemic. This will not affect your total monthly repayment.

## **If my home loan is currently in advance, may I stop effecting my monthly repayment for a period of time?**

No, if your home loan is currently in advance, you are to continue effecting your monthly repayment as otherwise, as from 4th August 2024, your home loan account will fall in arrears and you will incur additional interest on your home loan until such time that any outstanding repayment amounts are paid in full.

Any amount paid in advance will be allocated to the capital and the outstanding loan amount will be reduced accordingly. As a result, you will save on the amount of debit interest incurred on your home loan and your home loan will eventually be repaid in full before the original loan due date.

## **Combined accounts**

### **What are the changes?**

If, in your sanction letter it is specified that your home loan account will have two portions, going forward each portion of such combined accounts will feature in a separate account, with a separate repayment for each portion. This will not affect your existing total loan account balance and your total monthly repayment amount which will be continued from your 8-digit account number to the two 12-digit account numbers, split in accordance with the two portions of your home loan as per your Sanction Letter. In addition, all registered hypothec/s and any other security taken in connection with your home loan are to remain intact and unimpaired.

After the 4th of August 2024, customers with combined home loan accounts will receive a letter with the details of the two separate home loan accounts, including the repayment amount for each loan portion. The account numbers on our system will be automatically updated from our end and any payment instructions that you have in place with us for the purposes of effecting your loan repayments will also be automatically updated.

Please also refer to the questions on 'What if I don't have payment instructions with HSBC for my home loan repayments?' and on 'What if I have received a letter from the Bank informing me that a direct debit has been set up for my home loan repayments?' under the 'Account number' section of this document.

### **What happens if I don't have any payment instructions in place and my monthly home loan repayments are not split in accordance with the repayment amounts of the two separate home loan accounts and deposited in the respective home loan account as specified in the letter that I will receive after the 4th of August 2024 on my combined account?**

It is very important that going forward, each portion of your current home loan repayment, as split in accordance with the repayment amounts of the two separate home loan accounts, is deposited in the respective home loan account as specified in the letter that you will receive after the 4th of August 2024 on your combined account, to avoid having your home loan repayments falling in arrears and incurring additional interest on your home loan.

If your current home loan repayment is not split and deposited in such manner but is instead deposited in full in one of the two separate home loan accounts specified in the said letter:

- i. the home loan account in which the full repayment amount is deposited will be in advance. This means that you will not be able to withdraw the portion of the repayment amount deposited in error in the said account and you will still need to continue effecting your monthly repayments to the said account, as otherwise, the said home loan account will fall in arrears and you will incur additional interest on your home loan until such time that any outstanding repayment amounts are paid in full. For further details please refer to the question on 'If my home loan is currently in advance, may I stop effecting my monthly repayment for a period of time?' under the 'Home Loan Repayments' section of this document; AND
- ii. the home loan account in which the repayment amount is not deposited will fall in arrears and you will incur additional interest on your home loan until such time that any outstanding repayment amounts are paid in full. For further details, please refer to the question on 'What happens if there are insufficient funds in the current/savings account from which my monthly home loan repayments are debited to cover my monthly home loan repayment?' under the 'Home loan repayments' section of this document.

## **HSBC Home Loan Buildings Insurance Policy and/or HSBC Home Loan Life Insurance Policy**

**Will payment of my HSBC Home Loan Buildings Insurance Policy and/or HSBC Home Loan Life Insurance Policy change?**

The payment of premia for HSBC Home Loan Buildings Insurance Policies and/or HSBC Home Loan Life Insurance Policies will no longer be credited to the home loan account but will be credited directly to the insurance company.

**What if I have a direct debit in place for payment of the premia of the HSBC Home Loan Buildings Insurance Policy and/or HSBC Home Loan Life Insurance Policy?**

If you have a direct debit in place which transfers the insurance premia from your HSBC savings or current account to your home loan account in order for the said premia to be credited to the insurance company from your home loan account, your direct debit instructions will be updated automatically and the payment of such premia will be paid from your current or savings account directly to the insurance company. In such case no further action is required from your end.

**What if I do not have sufficient funds in my account to cover the direct debit payment of the premium/premia of my HSBC Home Loan Buildings Insurance Policy and/or HSBC Home Loan Life Insurance Policy?**

If you do not have sufficient funds in your current or savings account for the payment of such insurance premium/premia, we may, in our discretion, pay your insurance premium/premia to the insurance company. In case we decide to pay your insurance premium/premia to the insurance company, your current or savings account may be overdrawn. In such case, you will incur debit interest on any overdrawn amount in line with the General Tariff for Personal Banking Customers, and therefore we urge you to ensure that the account from which your insurance premium/premia are paid is sufficiently funded.

**What if I do not have a direct debit in place for payment of the premium/premia of the HSBC Home Loan Buildings Insurance Policy and/or HSBC Home Loan Life Insurance Policy?**

If you do not have a direct debit in place for the payment of your HSBC Home Loan Buildings Insurance Policy and/or HSBC Home Loan Life Insurance Policy, we urge you to set up direct debit instructions to cover the payment of your insurance premium/premia prior to the next renewal date of your insurance policy/policies.

**What if I have received a letter from the Bank informing me that a direct debit has been set up for the payment of my insurance premium/premia?**

No action is required from your end if you have received a letter informing you that direct debit instructions have been set up to cover the premium/premia of the HSBC Home Loan Buildings Insurance Policy and/or HSBC Home Loan Life Insurance Policy. Such letters also specify the account to be debited with your home loan repayments. Please ensure that you hold sufficient funds in the said account to cover your insurance premium/premia.

**How may I set up or change direct debit instructions?**

To set up or change direct debit instructions with HSBC to cover the payment of your insurance premium/premia you may visit any one of our branches.

Please note that:

- i. if the account to be debited is in joint names, both account holders of the account to be debited will need to visit one of our branches in order for the direct debit instructions to be set up or changed; AND
- ii. if the home loan account is in joint names, both home loan account holders will need to visit one of our branches in order for the direct debit instructions to be set up or changed; AND
- iii. if the insurance policy/policies is/are in joint names, both policy holders will need to visit one of our branches in order for the direct debit instructions to be set up or changed.

In order for your direct debit instructions to apply from the upcoming renewal date of your policy/policies, such direct debit instructions must be set up at least 7 working days prior to the said date.

**What if the current or savings account from which the payment of my insurance premium/premia is/are debited is subject to certain legal impediments?**

Your current or savings account may be subject to certain legal impediments which, notwithstanding your direct debit instructions, may not allow the debiting of the said account. Such legal impediments could be any prohibition or restriction imposed by law, such as a garnishee order.

If the current or savings account from which the payment of your insurance premium/premia is/are debited is subject to a legal impediment which does not allow the debiting of the said account notwithstanding your direct debit instructions, the payment of your insurance premium/premia to the insurance company will not be made. In such cases, we urge you to contact us on 2380 2380 in order to make alternative arrangements for the payment of your insurance premium/premia to prevent the lapsing of your insurance policy/policies.

**Are there other options to pay the premium/premia other than by setting up direct debit instructions?**

If you do not set up direct debit instructions to cover the payment of your insurance premium/premia, you will need to visit any one of our branches prior to the renewal date of your insurance policy/policies in order to pay your insurance premium/premia every time this is due.

**If my home loan is secured by a buildings insurance policy and/or a life insurance policy which is not an HSBC Home Loan Buildings Insurance Policy and/or an HSBC Home Loan Life Insurance Policy, will the payment of my insurance premium/premia be affected?**

No, if your home loan is secured by a buildings insurance policy and/or a life insurance policy which is not an HSBC Home Loan Buildings Insurance Policy and/or an HSBC Home Loan Life Insurance Policy, the payment of your insurance premium/premia will not be affected. It is your responsibility to ensure that your insurance premium/premia are paid prior to your next renewal date to avoid the lapsing of your insurance policy/policies. Please also refer to the question on 'What happens if I fail to pay insurance premia?' which is also applicable to your insurance policy/policies.

**What happens if I fail to pay my insurance premium/premia?**

It is your responsibility to ensure that your insurance premium/premia are being paid. If you fail to pay your insurance premium/premia prior to the next renewal date of your insurance policy/policies, your insurance policy/policies will lapse and you will have to pledge a new insurance policy/policies as security for your home loan. If you fail to provide us with a new insurance policy/policies, this may be considered as an event of default in accordance with the terms of your Sanction Letter, thus entitling the Bank to claim from you the full repayment of the full outstanding loan balance.

**Please also be aware that if any such insurance policy lapses, any claims made under any such policy will not be met. In so far as the HSBC Home Loan Life Insurance Policy or any other life insurance policy is concerned, this also means that in the unfortunate event of the passing away of the life assured, any outstanding debt previously covered by the policy would not be paid by the insurance company.**