

**This is an example of the wording which will be used on the customer contact letters for all brands**

<Name>  
<Address Line 1>  
<Address Line 2>  
<Address Line 3>  
<Address Line 4>  
<Address Line 5>

Date <insert date>

Dear <insert name>

**IMPORTANT: YOU WILL BE RECEIVING A REFUND OF ARREARS ADMINISTRATION FEES**

**Mortgage Account <insert mortgage account number>  
Mortgage Name <insert mortgage account holders names>**

We're writing to give you an important update about your mortgage account. Here is a summary of its contents:

- **We found arrears administration fees may have been incorrectly charged to some customers that fell behind in their mortgage payments since January 2009.**
- **We have decided to refund all arrears administration fees charged to all customers since January 2009.**
- **Your refund will be credited to your mortgage account. The amount you will receive is detailed below.**

We have recently reviewed the way we treated some mortgage customers that had fallen behind in their payments and were charged an arrears administration fee.

We charge an arrears administration fee when a customer falls behind by two months or more on their mortgage payments. The fee covers the administrative costs in dealing with the arrears.

The review found that some customers may, regrettably, have been incorrectly charged arrears administration fees since January 2009 and interest on those fees.

Keeping our customers' trust is vitally important to us, and because of that we have decided the fairest approach for our customers is to refund all arrears administration fees charged since January 2009, plus interest on those fees. This means some customers will receive a refund of arrears administration fees even though they were correctly charged.

**What you will receive**

We are pleased to confirm that your mortgage account will be credited with **£[insert total refund amount]**. This amount is made up of:

Arrears administration fees	£ [insert amount of fees]
Interest charged	£ [insert amount of interest]
<b>Total refund</b>	<b>£ [insert total refund amount]</b>

The total refund will appear on your mortgage account as a credit on your next statement.

**Further information**

Find out more about the refund of mortgage arrears fees in the 'Your questions answered' section included with this letter.

**Here to help**

At Yorkshire Building Society Group, as a mutual organisation, we work in our customers' interests, and maintaining your trust is fundamental to us. We hope our actions in dealing with this issue reflect our commitment to doing the right thing for our customers, something which lies at the heart of the Society's values.

We're committed to providing the best possible service to you and are here to help. If you'd like any further information about this refund, just call our Customer Relations team on 0800 9230045 or 01242 874998 (lines are open 9am to 5pm, Monday to Friday). Please note this refund does not affect your right to complain about anything else relating to your mortgage arrears, including any other losses you believe you may have suffered.

We would like to apologise for any inconvenience that this has caused you.

Yours sincerely

Sarah Jackson  
Head of Customer Operations

## **Mortgage arrears fees refund: Your questions answered**

### **What fees are included in the refund?**

We are refunding the arrears administration fee(s). This is a fee, currently £35, which was applied to your mortgage account when you went into arrears by two months or more. We are refunding this fee for each instance it was applied to your account since January 2009, as well as interest on those fees. However, the refund does not include any other fees that may have been charged to your account while you were in arrears, for example, a home visit fee or a missed direct debit fee. This refund does not affect your right to complain about anything related to your mortgage arrears, including any other losses you believe you may have suffered.

### **Why are you only refunding arrears administration fees paid since January 2009?**

The Financial Services Authority (now Financial Conduct Authority) issued guidelines to lenders in 2009 on the fair treatment of customers in arrears.

Following recent reviews, we accept that since the guidance was issued in 2009 we may have incorrectly charged arrears administration fees and interest to some customers.

We have therefore decided the fairest approach for our customers is to refund all arrears administration fees charged since January 2009 plus interest on those fees.

### **The refund includes 'interest charged' – what does this mean?**

The interest that will be refunded is the amount of interest you have been charged on the arrears administration fees that were applied to your account.

This includes interest from the date the arrears administration fee was charged up to the present day, or the date your mortgage was redeemed.

This means you will receive a full refund and will not have suffered any financial loss from the charge of arrears administration fees since January 2009.

### **How will the refund affect my credit rating?**

Although the Society is refunding arrears administration fees your credit file will not be amended. Your credit rating reflects the position of your mortgage at the time your account was in arrears and the application of the arrears administration fee(s) did not change this position.

### **Why has the refund not reduced my arrears balance?**

If your mortgage account is currently in arrears then the refund has been credited to the capital balance of your account and not the arrears balance.

This is because when an arrears administration fee is applied to a mortgage account it is added to the capital balance. By crediting the capital balance it ensures that no further interest will be charged on the arrears administration fee.