



# Offset mortgages

## Our guide

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We can also send you this leaflet in large print, Braille or on audio CD. Call us on **0800 121 8899** and we'll be happy to help.

# What is a Coventry Building Society Offset mortgage?

The mortgage comes with a linked Offset savings account. Your savings balance in this account reduces the amount of mortgage interest you're charged.

You still have to make your contractual mortgage payment each month, but we only charge interest on the difference between your Offset savings balance and the mortgage amount. The mortgage interest you save is called the Offset benefit.

Even a small amount saved regularly can make a big difference. And you can access your savings whenever you want to.

Our Offset mortgages are for residential properties only – we don't offer them for Buy to Let properties.

And existing mortgage customers should call us on **0800 121 8899** if they are considering changing to an Offset mortgage.

Your mortgage =

**£100,000\***

Your Offset savings balance =

**£20,000**

We only charge you interest on the difference =

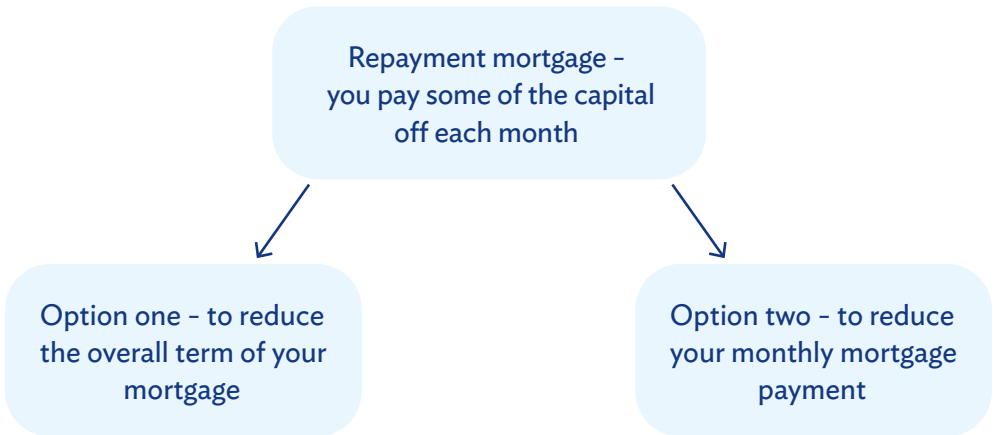
**£80,000\***

\* On a repayment mortgage, part of your monthly payment will always include some of the original amount borrowed (the capital).

# Our repayment Offset mortgages

With a repayment Offset, you can use the Offset benefit to help reduce the **mortgage term** or your **monthly mortgage payment**, whichever suits you best, these options are explained in more detail in the following pages.

You can switch how you use the Offset benefit whenever you like.



## Option one - to reduce the overall term of your mortgage:

The Offset benefit reduces the outstanding capital balance which in turn shortens the time it takes to pay off the mortgage.

If you choose this option, your monthly mortgage payments may change, for example, as a result of a rate change or a capital repayment.

**£100,000**

balance at a fixed mortgage  
interest rate of

**4.40%**

and a 25 year term.

If you had an Offset mortgage,  
with an Offset savings  
balance of

**£20,000**

your term would reduce to  
19 years and 10 months.

This example assumes a fixed interest rate across the entirety of the mortgage for illustration purposes only. When applying for an Offset mortgage a full illustration will be provided to you to confirm the associated costs and reversionary rates\* of the recommended product for your circumstances.

The example also assumes no change to the savings balance for the full mortgage term.

\* A reversion rate is the interest rate your mortgage moves onto after the end of its initial term (e.g. a five year fixed rate mortgage will revert to our Standard Variable Rate (SVR) at the end of the five years - SVR is the reversionary rate).

## Option two - to reduce your monthly mortgage payment:

At the end of each month, the Offset benefit automatically reduces the amount we collect by Direct Debit (you must pay by Direct Debit) by the same amount for the next monthly mortgage payment, or the month after that, depending on when the payment is due.

Mortgage payments made before the 7th of the month may result in the Offset benefit reducing your monthly payment a month later.

You'll still pay your mortgage for the full term, but depending on how much money you have in your Offset savings account, you pay less mortgage interest each month.

**£100,000**

balance at a fixed mortgage interest rate of

**4.40%**

and a 25 year term.

If you do not Offset your mortgage, your regular monthly payments would be

**£550.17**

per month.

If you had an Offset mortgage, with an Offset savings balance of

**£20,000**

your payments would reduce to

**£476.84**

per month.

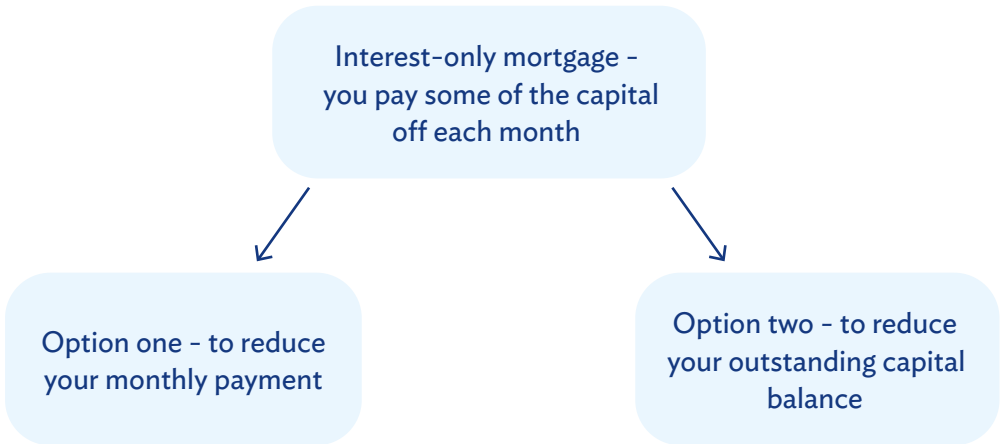
This example assumes a fixed interest rate across the entirety of the mortgage for illustration purposes only. When applying for an Offset mortgage a full illustration will be provided to you to confirm the associated costs and reversionary rates of the recommended product for your circumstances.

The example also assumes no change to the savings balance for the full mortgage term.

# Our Interest-only Offset mortgages

Interest-only mortgage payments only cover the interest charged and none of the actual amount borrowed. You'll need to have an acceptable repayment plan in place to pay back the amount borrowed at the end of the mortgage term, and you'll need to meet our Interest-only criteria. Please ask us for a copy of our Interest-only mortgage guide for further information.

With our Interest-only Offset, you can use the Offset benefit to help reduce your monthly mortgage payment or your outstanding balance, whichever suits you best.



It's simple to manage – one Offset savings account is linked to your Interest-only Offset mortgage. We'll set up your Offset savings account as soon as your mortgage has completed.



We're unable to give investment advice and would always recommend that you speak to a financial advisor for advice on how to set up an acceptable repayment plan.



## Option one - to reduce your monthly mortgage payment:

At the end of each month, any Offset benefit automatically reduces the amount we collect by Direct Debit (you must pay by Direct Debit) by the same amount for the next monthly mortgage payment, or the month after that, depending on when the payment is due. Mortgage payments made before the 7th of the month may result in the Offset benefit reducing your monthly payment a month later. You'll still pay your mortgage for the full term, but depending on how much money you have in your Offset savings account, you pay less mortgage interest each month.

**£100,000**

balance at a fixed mortgage interest rate of

**4.70%**

and a 25 year term.

If you do not Offset your mortgage, your regular monthly payments would be

**£391.67**  
per month.

If you had an Offset mortgage, with an Offset savings balance of

**£20,000**

your payments would reduce to

**£313.34**  
per month.

This example assumes a fixed interest rate across the entirety of the mortgage for illustration purposes only. When applying for an Offset mortgage a full illustration will be provided to you to confirm the associated costs and reversionary rates of the recommended product for your circumstances.

The example also assumes no change to the savings balance for the full mortgage term.



## Option two - to reduce your outstanding balance:

At the end of each month, any Offset benefit is credited to the outstanding balance owed on your mortgage, thereby reducing the total amount payable by you at the end of your mortgage term. You'll still pay your mortgage for the full term.

**£100,000**

balance at a fixed mortgage  
interest rate of

**4.70%**

and a 25 year term making  
monthly payments of

**£391.67**

at the end of the term you would  
owe the full capital amount.

If you had an Offset mortgage,  
with an Offset savings  
balance of

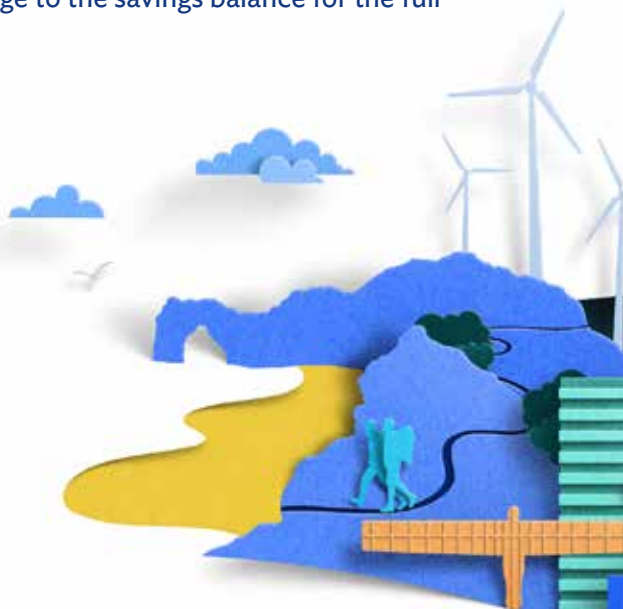
**£20,000**

the capital balance at the end of  
the term would be

**£54,669.37**

This example assumes a fixed interest rate across the entirety of the mortgage for illustration purposes only. When applying for an Offset mortgage a full illustration will be provided to you to confirm the associated costs and reversionary rates of the recommended product for your circumstances.

The example also assumes no change to the savings balance for the full mortgage term.



# Are you eligible for an Interest-only Offset mortgage?

There are some specific criteria you'll need to meet before you can apply for an Interest-only mortgage with us. For further information on Interest-only mortgages you can request a copy of our Interest-only mortgage leaflet or by calling **0800 121 8899**, where we'll be happy to help.

## An Offset savings account is easy to manage - here's how it works

### Easy access to your savings

Your Offset savings account is an easy access account which is linked to your mortgage. To access your account you can use:

- Online Services,
- Our app,
- Telephone banking, and
- ATMs.

The money in your account won't earn interest because it's offsetting the interest payable on your mortgage.

Please remember, you won't make the most of your Offset benefit if your savings balance is greater than your outstanding Offset mortgage balance or you have a zero balance in your Offset savings account.

We recommend you regularly review your account balances and consider moving any surplus money to another account that pays interest on your savings.

# Your savings are protected up to £85,000

The Financial Services Compensation Scheme (FSCS), the UK's deposit guarantee scheme, protects your eligible deposits with Coventry Building Society up to a total of £85,000. Any deposits you hold above the limit are unlikely to be covered.



Protected

In the case of a joint mortgage, each person is treated as having a claim to their share and, unless there is evidence about their respective shares, they'll each be regulated as entitled to an equal share.

Ask us for more information, or visit **[www.fscs.org.uk](http://www.fscs.org.uk)**.



# Offset key points

## Making the most of your Offset benefit

The key feature of an Offset mortgage is that any money in your linked savings account reduces the amount of interest you pay on your mortgage – we call this the Offset benefit.

To ensure you use your linked savings account in the best way:

- Make sure your savings balance isn't greater than your mortgage balance, as you won't receive any benefit on the excess amount.
- Keep the balance in your linked savings account above zero, as you won't receive any Offset benefit on your mortgage.

## Offset mortgage payments in a rate change environment

If your Offset mortgage (repayment or Interest-only) is on a variable interest rate it's subject to interest rate changes throughout its life. This means that your savings interest rate is also subject to the same changes.

As your Offset interest is added to the account on the 1st of the month and the Offset benefit is applied on the first of the following month this means that your monthly payment in the month your mortgage interest rate changes will be different to what you would normally expect.

If interest rates increase your mortgage payment will be higher the first month of the change. And your Offset benefit will rise the following month which will show in your mortgage payments.

If interest rates decrease you'll pay less for your mortgage in the first month of the change, and your Offset benefit will be higher until the following month as the rate change won't affect the savings account until then. After this, your new payment will show the decreased interest rate on both the mortgage and Offset benefit.

## Making overpayments

You can make overpayments on your Offset mortgage in a number of ways – small ad hoc overpayments, larger lump sum overpayments and regular overpayments. Early Repayment Charges (ERCs) may apply. Your mortgage offer will contain details of the maximum amount of overpayments that are allowed and any charges that may apply.

**But remember, after you've made an overpayment into your mortgage account you won't be able to access it again, so if you think you might need the money in future you might be better off saving it in your Offset savings account instead. That way, you'll receive a greater Offset benefit and have access to the money whenever you need it.**

## You can apply to borrow more at the same rate

Up to the maximum Loan to Value (which is based on the original product you selected) and subject to our lending criteria at the time.

## What happens when your Offset mortgage and savings balance are the same?

The interest on your mortgage account is calculated daily and added to your mortgage account on 1st of each month. The Offset benefit on your savings account is calculated on close of business on the last day of each month and applied to your mortgage account on 1st of the following month.



To talk to us about making overpayments, call us on **0800 121 8899**.



This means if your mortgage starts on 1st January and is for £200,000, and you add the same amount to your savings account at the earliest opportunity, you will still need to make your first monthly payment in full. On 1st February your Offset benefit for January is applied to the mortgage and this will then reduce your February mortgage payment.

So, in some months you will still need to make a payment as the Offset benefit interest is lower than the mortgage interest (e.g. February only has 28 days so the Offset benefit payment made 1st March will be lower than the mortgage interest added 1st March)\*.

## **If you move home and transfer your Offset mortgage**

If you apply to transfer (we call this ‘porting’) your Offset mortgage to another property, we’ll set up a new Offset mortgage and savings account for you when the purchase is complete.

### **What you’ll need to do:**

- 1 Let us know whether to cancel or transfer any existing standing orders and Direct Debits. We can’t do this without your permission.
- 2 Transfer any money into the new Offset savings account. We can’t do this automatically for you.

If your mortgage is repaid, transferred to another property, or transferred to a non-Offset mortgage, we’ll transfer your original Offset savings account into a new instant access account.

\* This information is for illustrative purposes only and individual mortgage balances will differ.

## Is an Offset mortgage right for you?

Generally, if you have some savings and you like the idea of paying your mortgage off early, or paying less each month, an Offset could be right for you.

But our mortgage advisors will be able to take your individual circumstances into account and give you more information about how you could benefit from an Offset mortgage.



To find out more, call us on **0800 121 8899**.





**Your home may be  
repossessed if you do not  
keep up repayments on  
your mortgage.**



**For more information contact your financial advisor.**

Coventry Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ([www.fca.org.uk](http://www.fca.org.uk)) and the Prudential Regulation Authority (firm reference number 150892).

Mortgages are subject to acceptance in accordance with our lending criteria.

The information in this leaflet is provided for your information only and should not be taken as advice. Legally binding terms and conditions can be found in the mortgage application declaration, the terms and conditions of your mortgage offer and in our mortgage terms and conditions.

For more information, visit our website **[thecoventry.co.uk](http://thecoventry.co.uk)**, call us on **0800 121 8899** Monday to Friday 8am-7pm or Saturday 9am-2pm, or pop into a branch.

Calls to 0800 numbers are free from the UK. Calls may be monitored or recorded to help improve our service and as a record of our conversation.

Information correct at time of going to print (February 2025).