

SCHEDULE 5

DIRECT PAYMENT TO LENDER OF DEDUCTIONS IN RESPECT OF INTEREST ON SECURED LOANS

Recovery of sums wrongly paid

12.—(1) In the following circumstances, a qualifying lender must at the request of the Secretary of State repay any amount paid to the lender under paragraph 3 which ought not to have been paid.

(2) Those circumstances are that, in respect of a relevant claimant—

- (a) an amount calculated by reference to loan interest payments payable to the qualifying lender ceases to be included in the relevant claimant's housing costs element;
- (b) a specified benefit ceases to be paid to a relevant claimant;
- (c) the loan in respect of which loan interest payments are payable has been redeemed; or
- (d) both of the conditions set out in sub-paragraphs (3) and (4) are met.

(3) The first condition is that the amount of the relevant claimant's housing costs element is reduced as a result of—

- (a) the standard rate having been reduced; or
- (b) the amount outstanding on the loan having been reduced.

(4) The second condition is that no corresponding reduction was made to the amount calculated in respect of the qualifying lender under paragraph 4 or 5.

(5) A qualifying lender is not required to make a repayment in the circumstances described in sub-paragraph (2)(a) or (b) unless the Secretary of State's request is made before the end of the period of two months starting with the date on which the thing described in that provision ceased.