

Standard Interest Rate

Regulations made in November 2004 changed the method of calculating the standard interest rate for housing costs in Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance and Pension Credit.

Homeowners who fulfil the conditions of entitlement to Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit may receive help towards their eligible mortgage interest payments and certain other housing costs.

When the homeowner has an eligible mortgage, their allowable housing costs are calculated using a standard interest rate.

The rate is usually based on the Bank of England Rate plus 1.58%.

The following standard interest rates are effective from the dates shown below:

- 18 May 2008 6.58%
- 16 November 2008 6.08%

However, following the Pre-Budget Report on 24 November 2008, it was announced that the standard interest rate will be frozen at 6.08% and will be reviewed in six months.

Department for Work and Pensions
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