

Frequently Asked Questions – Funded Interest Term Loan (FITL)

These FAQs and schemes are currently applicable only to retail individual borrowers (Customers of Wealth and Personal Banking division of HSBC India)

1. What is the Funded Interest Term Loan (FITL) that is being offered? To which products are the FITL being offered?

The FITL is a facility being offered as a relief measure post end of moratorium and is as per the notification from RBI dated on 23 May 2020 in this regard. FITL allows loan customers to convert the accumulated interest of their CC and O/D products for the moratorium period up to 31 August, 2020, into a funded interest term loan (FITL) which the customer has to repay no later than 31 March, 2021.

FITL is being offered only for Smart Home Loan, Smart Loan against Property and Under Construction Interest Servicing Loans for HSBC customers.

2. Why is the FITL being offered?

As per the terms of the moratorium policy for HSBC customers, those availing of the moratorium are required to pay the entire accrued interest on their Smart Home Loan, Smart Loan against Property and Under Construction Interest Servicing loan along with their monthly EMI after the moratorium ends.

FITL is a facility being offered to customers as a convenience to split their accrued interest payment over a defined period of time after the moratorium ends. Customers unable to pay the entire accrued interest along with the September EMI can avail FITL and repay the accrued interest in easy monthly installments instead of a lump sum and avoid default on the loan.

3. I had availed moratorium on my Smart Loan/Under Construction Interest Servicing loan, how do I avail the FITL option to repay the accrued interest for my Smart Loan/Under Construction Interest Servicing Loan?

We will open an FITL account for you in September by default with principal amount equal to the interest accrued on your Smart Home Loan/Smart Loan Against Property/Under Construction Interest Servicing Loan during the moratorium period.

You are not required to do anything in case you wish to avail the FITL to ease the payment of the accrued interest over the next 7 months.

4. If I do not wish to avail the FITL, what options do I have?

In case you do not wish to avail FITL you will be required to pay the entire interest accrued during the moratorium along with the September 2020 EMI on the EMI Due Date. Kindly note, if you are not able to pay the entire amount due, penal interest will be levied and it will also impact your credit score.

You can let us know if you do not wish to avail FITL by sending the following SMS from your registered mobile number to 575750

If your loan account number is 123-456111-789

SMS NOFITL 123-456XXX-789 to 575750

The request for not availing FITL must be received at least 7 working days before your EMI due date in September. You can also let us know by reaching out to your Relationship Manger or calling HSBC PhoneBanking.

5. How will I know the specifics of the FITL that is being opened for my loan?

We will send you an email on your registered email address or a physical letter to your registered communication address with us with the details of the FITL account that will be opened.

6. What will be the tenure of the FITL that will be opened? Till when do I have to repay the FITL?

The FITL will have a tenure of 7 months (September 2020 to March 2021). You will have to repay the FITL by March 2021

7. What will be the Rate of Interest on the FITL?

The FITL will be a Fixed Rate loan. The Rate of Interest applicable on the FITL will be the same as that of your Smart Home Loan/Smart Loan against Property/Under Construction Interest Servicing Loan as on 1 September 2020.

8. How will the EMI for the FITL be collected?

We will create a standing instruction to collect the FITL EMI.

In case of Smart Home Loan/Smart Loan against property, the FITL EMI will be collected from the parent loan account.

In case of Under Construction Interest Servicing loan, the FITL EMI will be collected from the same repayment account as that of the Under Construction Interest Servicing loan.

9. Will I be required to pay 2 EMIs monthly?

Yes, you will be required to pay 2 EMIs i.e. EMI for the existing loan and the EMI for the FITL facility till you completely pay off the FITL.

10. Can I close the FITL before 31 March 2021? Can I make partial pre payments towards the FITL? Will there be any charges for foreclosing or partial prepayments?

Yes, you can foreclose the FITL before 31 March 2021 by making a prepayment whenever you want. You can also make any number of partial pre-payments towards the FITL.

There are NIL foreclosure and pre-payment charges.

11. Are there any penal charges on FITL?

The FITL will have NIL Penal charges as well.

12. What confirmation will I receive from the bank once the FITL is opened?

After opening the FITL we will send you a welcome letter with all the details of the FITL opened along with the repayment schedule of the FITL.

13. If I am not able to pay the EMI for the FITL, will my account get reported for non-payment to the credit bureau and for other regulatory requirement?

Yes, any delay or nonpayment of the EMI for FITL will get reported to the credit bureau.

14. I have a loan with another bank and they not offered FITL or have offered FITL on different terms, why is this so?

Under the guidelines provided by the RBI, each bank has the option to provide the FITL to the customers as per the Bank's policy. Hence, it is not necessary that if one bank has offered FITL another bank will also offer a similar facility.