

Frequently Asked Questions (FAQs)

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 moratorium/relief scheme that is being offered? Which products are covered under this scheme?

- The Reserve Bank of India (RBI) had permitted banks to grant a moratorium of three months on payment of all instalments falling due between 1 March 2020 and 31 May 2020. Subsequently on 22 May 2020, RBI extended the moratorium scheme by further 3 months till 31 August 2020.
- Instalments will include the following payments falling due from 1 March 2020 to 31 August 2020: (i) principal and/or interest components (ii) bullet repayments (iii) Equated Monthly instalments (iv) credit card dues.
- HSBC is currently offering moratorium period for Home Loans (including Smart Home Loans), Loans against property (including Smart Loan Against Property) and Personal Loans for its Wealth and Personal Banking (WPB) customers.

2. What is the period of the moratorium?

The moratorium is for the payment of all instalments falling due between 1 March 2020 and 31 August 2020.

3. My loan is already on the moratorium as per the earlier moratorium scheme announced by RBI – what do I need to do now if I want to extend the moratorium till 31 August 2020?

You will not be required to do anything if moratorium has already been applied to your loan. We will extend the moratorium on your loan till 31 August 2020. Your next EMI will be deferred to September 2020.

4. I had not availed the earlier moratorium scheme but I want to avail moratorium for the coming months. Do I need to apply or does the moratorium automatically apply for my loan? How do I know whether I am eligible for the scheme?

You do not need to apply. If you do not pay one or more EMI due between 1 March to 31 August 2020, and meet the below mentioned eligibility criteria, then moratorium will apply automatically for your loan within 10 working days from EMI date,

Eligibility criteria:

- Your loan has been disbursed before 1 March 2020
- You are not overdue on any instalments or payments due to HSBC India as of 29 February 2020

Once moratorium is applied, your next EMI will be automatically deferred to September 2020.

For term loans (including personal loans), if the funds in your HSBC savings account are insufficient for payment (through standing instructions) of the full amount of the EMI, the available funds will be debited towards partial payment of the EMI. To recover the balance amount of the EMI, a hold will be placed on the account to the extent of this balance amount. Such loans where partial EMI amount has been paid will also be considered for moratorium, subject to meeting the above mentioned criteria. Once the moratorium is applied and next EMI is deferred to September 2020, the aforementioned hold on this account will be released. Do note that the partial payment towards the EMI will be adjusted towards your due EMI payment and will not be reversed back into the account even when the moratorium is applied for your loan account.

Kindly note, moratorium cannot be applied for the previous months. It will only be applied for the future EMIs.

If you continue to pay your EMIs as per contracted terms, during the period of 1 March 2020 to 31 August 2020 there will be no change in your payment schedule and moratorium will not be applied to your loan.

5. I do not want to avail moratorium any further. Can the moratorium applied on my loan account be cancelled before the end of the moratorium period? How can moratorium be cancelled on a loan account?

Yes, moratorium applied on a loan account can be cancelled. Cancellation will only be applicable to future EMIs and cannot be cancelled for the months already passed by.

If you wish to cancel moratorium on your loan, you can send an SMS in the following format from your registered mobile number –

If the loan account number is 123-456111-789

For Personal Loans: SMS **OPTOUTPL 123-456XXX-789 to 575750**

For Mortgages (Home Loan, Loan Against Property, Smart Home Loan, Smart Loan Against Property):

SMS **OPTOUTH 123-456XXX-789 to 575750**

Important points to note:

- Please leave one space between 'OPTOUTPL' or 'OPTOUTH' and the masked loan account number (if you do not leave a space, you will get an error message)
- Please send the SMS from the mobile number registered with HSBC and not any other number (if you send it from another number, we will not be able to match it back to your loan account on our systems)

The request for cancellation must be received at least 5 working days before the next EMI date.

Example 1: If request for a cancellation is received on 5 June 2020 (next EMI date being 15 June 2020), then the next EMI will be due on 15 June. In case the EMI is not paid on 15 June, the account will again be put on moratorium.

Example 2: If request for a cancellation is received on 14 June 2020 (EMI date being 15 June 2020), then the next EMI will be due on 15 July. In case the EMI is not paid on 15 July, the account will again be put on moratorium.

In case you are unable to send the SMS for cancellation of moratorium on your loan, please reach out to your Relationship Manager or HSBC PhoneBanking.

6. What happens after I cancel the moratorium? Will I have to pay all my EMIs at once?

You will have to pay as per the below:

- For Regular Home Loans, Loans Against Property (LAP) and Personal Loans (PL): The EMI due date will be shifted depending on the date of request for cancellation (refer point 5). Accrued interest accumulated during moratorium period will get adjusted over subsequent EMI payments post cancellation of the moratorium and will result in an increased residual tenor. Depending on the vintage of the loan and residual life, this may run into several months beyond the contracted term of the loan.

Example: Current loan outstanding is ₹1,000,000 at an interest rate of 10% EMI shall be ₹13,215 in which the interest portion shall be approximately ₹8,333. If you had opted for moratorium for April 2020, May 2020 and June 2020, the total accrued interest of ₹24,999 shall be first adjusted in the subsequent EMI starting July 2020.

Once the accrued interest for April, May and June is recovered along with the interest recovery for post the moratorium, the EMI will be apportioned towards Principal payments. In this example, the balance tenor shall increase by 9 months and interest paid over the life of the loan shall increase by approximately ₹68,000.

ii. For Partly disbursed Home Loans: Accrued interest during the moratorium will be levied in the month following end of moratorium.

Example: If the current loan outstanding is ₹1,000,000 at an interest rate of 10% p.a. Monthly interest shall be approximately ₹8,333. If you opt for moratorium for May 2020 and June 2020 interest payments and cancel the moratorium before the July 2020 EMI, the total accrued interest of ₹16,666 shall be payable in July 2020, along with the interest of ₹8,333 for July 2020. Hence the total payment of ₹24,999 shall be payable in July 2020.

iii. For your Smart Loan (Smart Home/Smart Loan Against Property) the interest will continue to accrue (at the rate applicable on your loan) during the period in which moratorium was applied. The total interest accrued will be payable immediately post the cancellation of the moratorium on the next EMI date. The cumulative accrued interest will become payable along-with the Equated Monthly Instalment (EMI) of the month of the next EMI date on 1 or 15 depending upon your EMI repayment cycle. This may significantly increase the amount payable by you in the month post cancellation of moratorium.

Example: If the current Smart Loan outstanding is ₹1,000,000 at an interest rate of 10% p.a. with a monthly EMI of ₹15,000 and the total interest accrued during the moratorium period (April 2020 and May 2020) is ₹20,000. If you cancel the moratorium and your next EMI date is shifted to June 2020 then the total amount payable by you in June 2020 will be ₹35,000.

7. Is moratorium a waiver of the interest or principal due on my loan EMIs?

The moratorium is not a waiver of your loan EMIs. The interest on your loan account will continue to accrue during the moratorium period. This accrued interest will become payable post expiry of the moratorium period starting September 2020.

8. I have a loan with another bank and they have offered me a moratorium, will I get the same here?

Under the guidelines provided by the RBI, each bank has defined their criteria for customers to be eligible for the scheme. Hence, it is not necessary that if one bank has granted a moratorium, you will be eligible for a similar facility in another bank.

9. What happens after the moratorium period ends? Will I have to pay all my EMIs at once?

No, you will have to pay as per the below:

i. For Regular Home Loans, Loans Against Property (LAP) and Personal Loans (PL): The EMI due date will be shifted to September 2020. Interest will accrue during the moratorium period. Accrued interest will get adjusted over subsequent EMI payments once the moratorium ends and will result in an increased residual tenor. Depending on the vintage of the loan and residual life, this may run into several months beyond the contracted term of the loan.

Example: Current loan outstanding is ₹1,000,000 at an interest rate of 10% p.a. with 120 months' balance tenor. EMI shall be ₹13,215 in which the interest portion shall be approximately ₹8,333. If you opt for moratorium for April 2020 to August 2020, the total accrued interest of ₹41,666 shall be first adjusted in the subsequent EMI starting September 2020.

Once the accrued interest for April to August is recovered along with the interest recovery for months post the moratorium, the EMI will be apportioned towards Principal payments. In this example, the balance tenor shall increase by 14 months and interest paid over the life of the loan shall increase by approximately ₹113,000.

ii. For Partly disbursed Home Loans: The interest will continue to accrue (at the rate applicable on your loan) during the moratorium period and will become payable in September 2020.

Example: If the current loan outstanding is ₹1,000,000 at an interest rate of 10% p.a. Monthly interest shall be approximately ₹8,333. If you opt for moratorium for April 2020 to August 2020 interest payments, the total accrued interest of ₹41,666 will be payable in September 2020 along with interest of ₹8,333 for September 2020. Hence the total payment of ₹49,999 shall be payable in September 2020. In case, the customer has financial difficulty it can be considered at the option of the bank to be converted into a funded interest term loan (FITL).

iii. For your Smart Loan (Smart Home/Smart Loan Against Property) the interest will continue to accrue (at the rate applicable on your loan) during the moratorium period and will become payable in September 2020.

Example: If the current Smart Loan outstanding is ₹1,000,000 at an interest rate of 10% p.a. with a monthly EMI of ₹15,000 and the total interest accrued during the moratorium period (April 2020 to August 2020) is ₹80,000 then the accrued interest of ₹80,000 will be payable in September 2020 along with the EMI of ₹15,000 for September 2020.

Hence the total payment of ₹95,000 shall be payable in September 2020. In case, the customer has financial difficulty it can be considered at the option of the bank to be converted into a funded interest term loan (FITL).

10. What happens if I am not found eligible for the moratorium?

If you are not found to be eligible for a moratorium on your existing loan from HSBC, you will have to pay the due instalment/interest amount as per the existing schedule of repayment. We urge you to make your repayment as per contracted terms.

Any delay in payment is likely to get reported to the credit bureau as non-repayment of the contracted loan.

11. If I am eligible, will my account get reported for non-payment due to the moratorium to the credit bureau and for other regulatory requirement?

No, your loan will not get reported for non-repayment if HSBC has applied the moratorium on your loan.

12. Is there any way that the EMI payments made before availing moratorium be reversed back into my account/transferred back to me?

No, the payments already made into the Loan Account before availing moratorium cannot be reversed back.

13. Will the bank initiate a hold on the automated payment option such as Electronic Clearing System (ECS)/Standing Instruction (SI) during the moratorium period?

Once moratorium is applied to your loan account, automated instructions on the account (ACH/SI/ECS/PDC) will not be presented for subsequent EMIs during the moratorium period. However, for loan accounts where moratorium is not applied, we will continue to present these instructions as per standard process.

14. What will be the rate of interest applicable on my floating rate Mortgage during the moratorium period? Will my rate change during the moratorium period?

The prevailing rate of interest of the loans will continue to be applicable for loans opting for the moratorium.

However, the rate of interest may change during the moratorium period depending on the change in the benchmark to which the floating rate loan is linked to and the benchmark reset periodicity.

15. What confirmation will I receive from the bank, post application of moratorium on my loan?

You will receive an SMS/email from the bank on your registered mobile number/email ID informing you that moratorium has been applied to your loan account. Subsequently you will receive an email with the revised repayment (amortization) schedule.

16. If I decide to make a repayment of my EMI during the moratorium period, how will the same be adjusted in my loan account?

Please do not make any stand-alone NEFT payments towards your loan during the moratorium period. Any partial or full repayment done during the moratorium period will get apportioned towards the first EMI post moratorium i.e. September 2020 and not towards the applicable dues during the moratorium period i.e. the amount outstanding as on the date of the payment. Any additional payment will be applied to Principal Outstanding. Hence, we advise you to make any payment/s only after discontinuing the moratorium on your loan.