

Home Improvement Grants vs Loan Options

Which is the better way to fund work on your home?

When people need money for home improvements, the first instinct is often to look at a loan. Sometimes that is the right move. Sometimes it is not. Depending on the type of work, your household circumstances and where you live, there may be grants or support schemes available that do not work like normal borrowing at all. MoneyHelper's home-improvement guidance specifically points people to check energy grants as part of planning how to pay for improvements.

That is the core comparison here. **Grants** can reduce or even remove part of the cost without operating like standard repayable finance, but they are usually limited, targeted and eligibility-based. **Loan options** can be more flexible and more widely available, but they create debt and may be secured or unsecured depending on the route chosen. MoneyHelper explains the distinction between secured and unsecured borrowing and the risks that come with borrowing against your home.

In plain English, grants are great when you can get them, but they are not a universal funding tap. Loans are broader and faster for many people, but they come with repayment risk and total-cost consequences. The smart move is to understand what each route is actually for before signing up to anything.

What are home improvement grants?

Home improvement grants are forms of financial support that may help cover certain types of work on a property, usually where the work fits a policy objective such as accessibility, heating improvement or energy efficiency. They are not all the same, and not all are available nationwide or for every type of project. GOV.UK's "Help to Heat" collection lists schemes including the Boiler Upgrade Scheme, Warm Homes: Local Grant, Energy Company Obligation and Great British Insulation Scheme.

Examples include:

- **Boiler Upgrade Scheme** grants in England and Wales, which currently offer £7,500 towards an air source heat pump, £7,500 towards a ground source heat pump and £5,000 towards a biomass boiler, subject to eligibility.
- **Accessibility adaptation support**, such as help for making a home more accessible, which MoneyHelper highlights for people needing specialist adaptations or equipment.



- **Local or targeted support schemes**, including Warm Homes: Local Grant as a replacement route where the Home Upgrade Grant is closed.

The big selling point is obvious: a grant is not the same as taking on conventional debt. But the catch is equally obvious: grants are often tightly defined, may only cover specific works, and can depend on property type, location, income, benefits status or technical eligibility.

What are loan options for home improvements?

Loan options are borrowing routes used to pay for improvements where grants are unavailable, insufficient or too restrictive. MoneyHelper's guidance on paying for home improvements points people towards choosing the right type of finance after budgeting and checking support routes.

Common loan options include:

- **Personal loans**, which are usually unsecured.
- **Further advances** from your existing mortgage lender, where you borrow more against your home.
- **Secured loans or second-charge borrowing**, where the home is used as security.

Loans can often be used for a wider range of work than grants, including kitchens, bathrooms, general refurbishment, extensions and other upgrades that do not fall under a support scheme. The trade-off is that the money usually has to be repaid, and secured borrowing creates risk against the property.

The core difference

The simplest way to frame it is this:

Grants are targeted support for specific eligible works and may reduce the need to borrow at all. **Loans** are broader and more flexible funding tools, but they create repayment obligations and, in some cases, place your home at risk if the debt is secured against it.

That is the real split: **eligibility-based support versus repayable finance**.



Side-by-side comparison

1. Do you have to repay the money?

Grants

A genuine grant normally does not work like a conventional loan. The whole point is financial support rather than standard repayable borrowing. Government and MoneyHelper materials distinguish grants and support schemes from normal consumer borrowing.

Loan options

Loans have to be repaid under the terms of the agreement. That applies whether the borrowing is unsecured or secured.

Best for:

- Grants: eligible households wanting to reduce upfront cost without normal debt
- Loans: borrowers who need funding regardless of grant availability

2. Flexibility of what the money can be used for

Grants

Usually narrower. Schemes are often tied to specific purposes such as low-carbon heating, insulation or accessibility improvements. For example, the Boiler Upgrade Scheme is specifically for replacing fossil fuel systems with eligible low-carbon systems.

Loan options

Usually broader. Loans can often be used for a much wider range of renovation and upgrade works, subject to lender criteria.

Best for:

- Grants: targeted qualifying works
- Loans: broader project types and non-scheme improvements

3. Eligibility and access

Grants

Eligibility can be the hard bit. Many schemes depend on location, benefits status, type of heating, property status or technical criteria. For example, the Boiler Upgrade



Scheme has property and technology eligibility rules, and the Home Upgrade Grant route has now closed in favour of Warm Homes: Local Grant.

Loan options

Access depends more on affordability, credit profile, income and lender assessment than on fitting a public scheme.

Best for:

- Grants: people who qualify for a live scheme
- Loans: people who do not qualify for grants or need a more general solution

4. Speed and simplicity

Grants

Can take more checking and process work because you need to confirm the scheme exists, that it is open, and that the property and applicant qualify. Some routes also work through installers or local authorities rather than as a simple direct cash product.

Loan options

Often more straightforward from a consumer process point of view, especially unsecured borrowing, though approval still depends on credit and affordability.

Best for:

- Grants: those whose project fits a scheme and who can work through eligibility steps
- Loans: those wanting more immediate and predictable access to finance

5. Scale of support

Grants

A grant may only cover part of the cost. For example, the Boiler Upgrade Scheme offers fixed amounts towards eligible systems, not a blank cheque for all property works.

Loan options

Loans may cover a wider share of the project cost, depending on borrowing limits and affordability.

Best for:

- Grants: reducing the cost of eligible works
- Loans: funding larger or non-standard budgets



6. Risk to your home

Grants

Grants do not operate like normal secured borrowing, so they do not create the same kind of repayment risk to the property.

Loan options

Some loans are unsecured, but mortgage-linked borrowing and secured loans are tied to the home. MoneyHelper explains secured borrowing as borrowing backed by an asset such as your home.

Best for:

- Grants: avoiding conventional borrowing risk
- Loans: borrowers comfortable with the repayment structure and, where relevant, the security risk

7. Suitability by project type

Grants

Usually strongest for specific categories such as:

- heat pumps or biomass systems under eligible schemes
- insulation and energy-efficiency support
- accessibility adaptations where support applies

Loan options

Usually stronger for:

- kitchens and bathrooms
- general refurbishment
- extensions
- non-eligible or mixed-scope home improvements

Best for:

- Grants: policy-supported improvement categories
- Loans: general renovation and improvement spending



When grants may make more sense

Grants may be the better option if:

- the work falls into a live support scheme
- the property and applicant meet the eligibility criteria
- the project is focused on energy efficiency, heating upgrade or accessibility
- you want to reduce or avoid borrowing altogether
- the available grant meaningfully offsets the cost of the work

For eligible households, a grant is usually the first place to look because free or part-funded support beats debt every day of the week.

When loan options may make more sense

Loan options may be the better route if:

- the work is not covered by a grant scheme
- you need broader flexibility on what the money funds
- the project is larger than the grant support available
- you need finance more quickly or predictably
- you do not meet grant criteria but can pass lender affordability checks

For many mainstream home improvement projects, loan options are simply the more realistic route because the project is outside the fairly tight lane most grants operate in.

Common mistakes people make when comparing the two

Assuming grants are available for any kind of home improvement

They are not. Government schemes are usually targeted at specific outcomes such as cleaner heat, insulation or accessibility.

Not checking whether a scheme is still live

This matters. For example, GOV.UK states that the Home Upgrade Grant is closed and points people instead towards Warm Homes: Local Grant.

Treating a partial grant like full funding

A grant may only cover part of the work, so you may still need savings or finance alongside it. The Boiler Upgrade Scheme amounts are fixed contributions, not full project underwriting.



Jumping straight to borrowing without checking support

MoneyHelper's home-improvement guidance explicitly points users toward checking energy grants as part of planning.

Focusing only on getting the money, not on repayment risk

Loans solve the funding problem today, but they also create a repayment problem tomorrow. That is especially true for secured borrowing.

Questions to ask before deciding

Before choosing between grants and loan options, ask yourself:

- Does my project fit a live grant or support scheme?
- Is the work about energy efficiency, heating or accessibility?
- Will a grant cover all the cost, or only part of it?
- If I need to borrow, do I want unsecured or secured borrowing?
- How quickly do I need the money?
- What is the total cost of the loan over time?
- Am I comfortable putting the home at risk if the borrowing is secured?

Comprehensive conclusion

There is no universal winner between **home improvement grants** and **loan options** because they solve different funding problems.

Grants are usually the better route where the work clearly matches a live support scheme and the applicant qualifies. That is especially true for energy-efficiency improvements, low-carbon heating upgrades and accessibility-related works. GOV.UK's current support landscape shows that schemes do exist, but they are targeted and conditional rather than open-ended.

Loan options are usually the better route where the project is broader, the eligibility criteria for grants are not met, or the funding required goes beyond what a scheme will cover. Loans give more flexibility and can support a wider range of home improvements, but they come with repayment obligations and, in some cases, security against the home.

In practical terms, the decision usually comes down to four things:

First, whether the work fits a scheme.

If the project is about heat pumps, insulation or accessibility, grant routes deserve checking first.



Second, whether you qualify.

Grant funding is driven by eligibility, not just need. Loans are driven more by affordability and credit profile.

Third, whether the support is enough.

A grant can be excellent, but it may only cover part of the project. You may still need savings or finance alongside it.

Fourth, what risk you are willing to carry.

Grants reduce or avoid conventional borrowing risk. Loans give you more flexibility, but they bring debt and repayment consequences with them.

In plain English, **grants are often better when your project fits a live support scheme and you qualify**, while **loan options are often better when you need flexibility, broader usage and more predictable access to funds**. The smartest move is usually to check grant eligibility first and only then decide what gap, if any, needs filling with borrowing.

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