

Legal Standards Alert on Equity Release as Market Booms

- *Concern over adviser awareness of new standards introduced in January 2014*

The Equity Release Solicitors' Alliance is issuing an alert to intermediaries and advisers to be fully aware of the new legal safeguards introduced earlier this year. This is due to concern that as the market experiences strong growth, intermediaries who do not advise on equity release regularly or are new to it, may be entering the market not fully aware of the requirements.

Recent industry data (Equity Release Council) shows that the equity release sector has experienced soaring levels of business this year, with over 10,000 new customers in 2014 so far, and £641.2 million of plans written in the first half of 2014, a record level and 34% increase on 2013.*

The legal requirements introduced on 1st January 2014 by the Equity Release Council provide enhanced protection for consumers and have been widely welcomed. They require that all solicitors arrange a face to face meeting with customers during the advice process, and that customers must sign the solicitor's certificate. This has presented a new way of working for many advisers and solicitors.

Claire Barker, chairman of ERSA said,

"The new requirements have tightened up the advice process for clients and advisers, providing greater certainty and peace of mind for both, something that is essential for a financial product that is potentially used by a client for two decades or more. The requirement for customers to not only meet with a solicitor but also sign the solicitor's certificate adds an extra layer of safeguarding and should reduce potential disputes at redemption.

"Eight months into the year, we believe that advisers and solicitors are getting used to the new requirements but we are concerned that as the market expands rapidly, and new advisers may be entering the market for the first time in a while or at all, that all advisers are reminded about them. Advisers and solicitors both play a vital role in ensuring this and by working together using the standards set by the industry body The Equity Release Council, the continued success of the sector will be assured for homeowners and intermediaries."

David Borrowman of Solicitors for older people Scotland commented

“Equity release is a growing market – this new record lending is no real surprise. Equity release products are becoming a key part of the retiral planning of many people. The simple fact is that other sources of retiral income are being squeezed whilst at the same time many householders since the seventies certainly have been fortunate to build up equity in their homes. For many it makes good sense to access that capital and improve lifestyles in later years. I do believe however that proper financial advice is a must for people in retirement – and if someone is considering taking out an Equity Release product they should take independent advice from a suitably qualified ER adviser. We find that clients who take good advice and access a suitable product generally are delighted with the positive change to their lives releasing some extra funds brings for them”

For more information on Legal Standards in Equity Release visit www.ersalaw.co.uk