

New Standards in Equity Release

The Equity Release Council is the “trade body” which regulates the Equity Release industry. It is regulation with a small “r” since members of the council join voluntarily and adhere to rules and standards set by agreement rather than compulsion.

Most lenders, financial advisors and solicitors active in the market are members. The council have introduced new rules applicable to solicitors from 1st January 2014.

These new rules require customers taking out an equity release plan to have a “face to face” meeting with the solicitor carrying out the legal work, and also to sign a “solicitor’s certificate” confirming certain issues have been brought to the customer’s attention during the legal process.

David Borrowman of Solicitors for Older People Scotland comments “I think this is a good move – it just adds one further level of security if you like – into the whole process of purchasing an Equity Release product. We actually find clients in this area of work generally very knowledgeable about the products and legal issues involved. Mostly they are retired and most have done research on what is best for them. But then again Equity Release clients are that bit older and every extra piece of consumer protection you can put in place for the older client in particular is to be welcomed”

About a billion pounds was borrowed in 2013 throughout the UK in Equity Release plans. David Borrowman believes that figure is likely to increase. “More and more people see ER as a valid and sensible use of capital tied up in their houses - particularly with pension returns being a disappointment for many. But the key issue in my view is to take good advice in the first instance from a financial adviser qualified in Equity Release and to take your time in making a decision. This should be a once in a lifetime decision not taken lightly or quickly. There is good advice out there – folk considering this move should make sure they take it”.