



Strictly embargoed until 00.01 on Monday 31 January 2022

Guaranteed right to make partial repayments on new lifetime mortgages marks 30 years of consumer standards for equity release sector

New equity release customers will be able to mitigate the costs of borrowing in later life through a new product safeguard announced today by the **Equity Release Council (the Council)**, the representative industry body.

From 28 March 2022, all customers taking out lifetime mortgages that meet Council standards will be guaranteed the right to make penalty free partial repayments of their loans¹.

It means new customers can not only reduce their borrowing, but offset the interest, without making any ongoing commitment to further repayments.

The fifth product standard¹ is being introduced to mark the 30th anniversary of consumer protections first established by the Council's predecessor Safe Home Income Plans.

The Council is marking the occasion with the publication of a report, supported by **Standard Life Home Finance**, which explores the sector's progress and evolution in the past three decades and sets out priorities for the year ahead.

Since 1991, more than 592,000 new equity release plans backed by Council standards have helped homeowners aged 55+ to access £38.7bn of property wealth to support their finances. 2021 saw the sector return to growth for the first time in three years with over 76,000 new and returning customers making use of equity release.

The industry and public figures featured in the anniversary report include **Sir Hector Sants**, Chair of the Money and Pensions Service; **John Glen MP**, Economic Secretary to the Treasury; **Clive Betts MP**, Chair of the House of Commons Levelling Up, Housing and Communities Committee; **Rt Hon Damian Green MP**, former First Secretary and current Chair of the All Party Parliamentary Group (APPG) on Longevity and Co-Chair of the APPG on Social Care; and **Baroness Sally Greengross OBE**, Chief Executive of the International Longevity Centre – UK and President of the Pensions Policy Institute.

In addition to the tenth edition of its standards, including the fifth product safeguard, the Council has also confirmed a number of planned initiatives for 2022. These include establishing a Tech Forum and Legal Competency Framework to support practitioners.

A series of member working groups will continue work to improve existing customer communications and review the presentation of information relating to fees and charges.

David Burrowes, Chairman of the Equity Release Council, comments:

“Updating our standards to lock down the ability to make partial repayments on lifetime mortgages – an innovative feature that has become increasingly common in recent years – provides flexibility for consumers and ensures the sector continues to evolve to meet changing demographic needs.

“As recent years have reminded us, people's circumstances can change and customers who find they can use earnings, savings or an inheritance to reduce their borrowing in later life will be able to do so without incurring early repayment charges.

“Introducing a fifth product standard is the latest milestone in a decades-long commitment to robust consumer safeguards. The ongoing process that started in 1991 has been key to building trust in equity release, which has become a multi-purpose product that is adaptable and adept in a variety of scenarios and contexts.

“The safeguards and standards the Council has worked to develop and uphold over the years will stand consumers in good stead as socio-economic factors give rise to a further increase in demand to access property wealth. The priorities we have set out today will help to further evolve the sector and provide good later life consumer outcomes.”

Kay Westgarth, Head of Sales at Standard Life Home Finance, comments:

“Standard Life Home Finance is a relatively new entrant to this market, however we are building on the great work that the industry has done to raise standards, educate consumers and ensure it is possible for over-55s to safely access their housing equity. As an industry, we have come a long way in a relatively short period of time but there is always room for improvement.

“The introduction of a fifth standard is to be celebrated as it will allow customers to better manage their borrowing and ensure that products work for their individual circumstances. It is this type of innovation that will ensure we see another thirty years of growth and change for this vibrant market.”

- ENDS -

Notes to editors

¹ The fifth Equity Release Council product standard, effective from 28 March 2022, means all new customers will have the right to make penalty free partial repayments to reduce their loan size, subject to lending criteria. This will add to the four existing product safeguards in place since 1991, ensuring customers of Council members can rely on:

- Fixed or capped interest rates for life;
- The right to remain in their homes for life, until they pass away or move into long-term care, with no obligation to make ongoing repayments;
- Guaranteed protection against owing more than the value of their home (the No Negative Equity Guarantee); and
- The right to move their loans to a suitable property when moving home, subject to lending criteria.

These product safeguards form part of the Council's wider standards encompassing all firms involved in the equity release process. Alongside the regulatory requirement for qualified financial advice, Council standards guarantee

customers the right to independent legal advice to ensure they understand their contractual obligations. Together these protections address the risks of interest rate rises, negative equity, repossession or eviction and vulnerability due to coercion or mental incapacity in a way that is unparalleled among UK financial services products.

For further information, please contact:

Instinctif Partners at EquityReleaseCouncil@instinctif.com

Phone: George Peele / Rosie Cohen +44 (0) 20 7457 2020 at Instinctif Partners

About the Equity Release Council

The Equity Release Council is the representative trade body for the UK equity release sector with over 650 member firms and more than 1,550 individuals registered, including providers, funders, regulated financial advisers, solicitors, surveyors and other professionals.

It leads a consumer-focused UK based equity release market by setting authoritative standards and safeguards for the trusted provision of advice and products. Since 1991, homeowners over the age of 55 have taken out more than 592,000 plans backed by Council standards, enabling them to access almost £39bn of housing wealth to support their later life finances.

The Council also works with government, voluntary and public sectors, and regulatory, consumer and professional bodies to inform and influence debate about the use of housing wealth in later life and retirement planning.

About Standard Life Home Finance

Having entered the market in late 2021, Standard Life Home Finance aims to help customers secure a life of possibilities by providing them with a range of products with the choice and flexibility to meet their changing financial needs in later life. Focused on supporting advisers as they help clients find the right option for their individual circumstances, the Standard Life Home Finance brand is used by Key Group under license from Phoenix Group.