



# Releasing equity from your home



Money &  
Pensions  
Service



# Here to help you

The **Money and Pensions Service (MaPS)** is an arm's-length body sponsored by the Department for Work and Pensions (DWP), and we have a joint commitment to provide access to the information and guidance people across the UK need, to make effective financial decisions over their lifetime. The organisation also engages with HM Treasury on policy matters relating to financial capability and debt advice.

MaPS brings together the free services previously delivered by the Money Advice Service, The Pensions Advisory Service and Pension Wise and offers customers guidance and appointments over the telephone, online and in person.

[moneyadvice.service.org.uk](https://moneyadvice.service.org.uk)

[pensionwise.gov.uk](https://pensionwise.gov.uk)

[pensionsadvisoryservice.org.uk](https://pensionsadvisoryservice.org.uk)

## Free impartial advice

→ on the web

→ on the phone

**This guide is for you if you are approaching retirement or already retired and are considering using the value of your home to raise a cash lump sum, additional income or both.**

## Contents

Why you need the money	2
Is releasing equity the right option for you?	4
Alternatives to releasing equity	5
Ways of releasing equity	6
Lifetime mortgages explained	7
Home reversions explained	11
Retirement interest only mortgages explained	13
Tips	15
Methods of releasing equity compared	16
What happens if your situation changes?	18
Fees and costs	21
Get professional advice	22
Useful contacts	23
If things go wrong	26

**Before you go ahead and release equity from your home, explore all of your options and make sure that whatever you decide to do will meet your needs now and in the future.**

# Why you need the money

---

Think about what you need money for and make sure you haven't overlooked a simpler solution.

## Home improvements

 **Do you need to fund home repairs, or adaptations to make your home more accessible?**


Contact your local authority first to see if you can claim money for home repairs and improvements. See Useful contacts on page 23

Find out more about home adaption at [moneyadvice.service.org.uk/home-adaption](https://moneyadvice.service.org.uk/home-adaption)


## Top up retirement income

 **Are you claiming all the state benefits and local authority help you are entitled to?**

See Useful contacts on page 23 or get an estimate at [gov.uk/benefits-calculators](https://gov.uk/benefits-calculators)

 **Do you have any private pensions or investments you might have lost track of?**

For organisations that can help you trace lost pensions, see Useful contacts on page 23.

 **Do you have any savings or investments you could cash in?**

Consider getting professional financial advice before doing so, especially when it comes to selling investments. See Useful contacts on page 23.

 **Are you spending beyond your means or struggling with credit card bills?**

See where you can cut back and learn about retirement budget planning at [moneyadvice.service.org.uk/retirement-budget-planning](https://moneyadvice.service.org.uk/retirement-budget-planning)

## Pay off debts

 **Do you need help dealing with debt?**

There are organisations that can give you free advice and suggest the best solutions for you. See Useful contacts on page 23


Find free debt advice near you at [moneyadvice.service.org.uk/debt](https://moneyadvice.service.org.uk/debt)

## Fund long-term care

 **Need to pay for long-term care?**

Releasing equity from your home can affect the help you might be entitled to when it comes to paying for care services.

Learn more about your options for paying for long-term care at [moneyadvice.service.org.uk/long-term-care](https://moneyadvice.service.org.uk/long-term-care)

 **Help towards paying for long-term care?**

If you are moving into a care home and most of your money is tied up in your property and you have very little savings, your local authority might offer you the option of a deferred payment agreement. This means you won't have to sell your home immediately to pay for your care home's fees.

Learn more about what deferred payment arrangements at [moneyadvice.service.org.uk/deferred-payment-arrangements](https://moneyadvice.service.org.uk/deferred-payment-arrangements)

# Is releasing equity the right option for you?

Whether this is the right option for you depends on your circumstances such as:

- your age
- your income
- how much money you want to release
- your plans for the future.

When releasing equity, it's tempting to focus on the immediate boost you will get from the money you unlock, but you need to look at how it will affect your future choices and financial situation in later life.

**Some equity release schemes can leave you with little or no equity in your property when you come to sell. Consider how you would pay for long-term care if this were the case.**

# Alternatives to releasing equity

Releasing equity involves either borrowing against the value of your home or selling part of your home, both of which can prove costly in the long term and will almost always involve the sale of your property at the end of the arrangement.

If you need money, think about these options first.

- **Downsizing.** Selling your current home and buying a smaller property is a way of keeping full ownership of your home and avoiding expensive interest. The type of property you enjoy living in now might not always

meet your needs, and downsizing might be an opportunity to 'future proof' your home, cut household bills and reduce household maintenance.

- **Becoming a landlord.** Renting out a room (or even your whole property while you are away) can generate additional income. There are tax breaks such as the Rent a Room Scheme and the Property Allowance which allow you to earn up to a certain amount tax-free.

➔ Find out more at [moneyadvice.service.org.uk/rent-a-room](https://moneyadvice.service.org.uk/rent-a-room)



# Ways of releasing equity

If you're over 55 and you need either a lump sum or to top up your income, you may be thinking about using some of the equity from your home. There are three main ways of doing this:

- 1. Lifetime mortgages** – These allow you to borrow a sum of money secured against your home. You can either pay some or all of the interest or you can choose to add it to the loan. The loan and any interest are repaid when you move into care or die.
- 2. Home reversion schemes** – You sell a percentage of your home at below market value and live there rent free until you move into care or die. At this point your home is sold and the reversion company gets its share of the proceeds.
- 3. Retirement interest only mortgages** – These allow you to borrow a lump sum secured against your home, pay monthly interest on the loan and repay the debt when your home is sold.

The first two are classed as 'equity release schemes'. The third is a relatively new product aimed at providing mortgages to older borrowers. All three arrangements allow you to release money from the equity you have built up in your home without having to move out.

## How do you get your money?

Different products will offer you the choice of:

- a cash lump sum or a regular income
- the opportunity to take money when you need it or on a regular basis, often called a drawdown or flexible facility
- a combination of these options, for example you can take a lump sum at the start, and then drawdown cash later.

➔ Find out more about equity release at [moneyadvice.service.org.uk/equityrelease](https://moneyadvice.service.org.uk/equityrelease)

**The equity you have is the value of your property minus any mortgage or other debt held against it.**

# Lifetime mortgages explained

## Interest

Lifetime mortgages usually have a fixed rate of interest and this is typically higher than the interest on a regular mortgage. There are different ways of treating the interest:

### 1. Interest roll-up lifetime mortgages

With a roll-up mortgage, interest is added to the loan. You don't make regular monthly payments; the amount you originally borrowed, plus the

rolled-up interest is repaid when your home is sold after death or if you have to move permanently into care.

The amount you owe increases quickly because interest is being added or rolled-up into the original loan.

For example, if your home is worth £250,000 and you take out a Lifetime Mortgage of £80,000 at an annual interest rate of 5% the amount you owe will grow like this:

End of year	Annual interest at 5%	Total interest	Loan + interest
1	£4,000	£4,000	£84,000
5	£4,862.03	£22,102.53	£102,102.53
10	£6,205.31	£50,311.57	£130,311.57
15	£7,919.73	£86,314.25	£166,314.25
20	£10,107.80	£132,263.82	£212,263.82

**As long as your provider is a member of the Equity Release Council, you will have a no negative equity guarantee. This means you will never have to repay more than the value of your home.**

## 2. Interest only lifetime mortgages

Like a roll-up mortgage you get a cash lump sum. However, unlike the roll-up mortgage, you can repay some or all of the interest each month. Some products also allow you to repay some of the capital (usually up to 10%).

The amount you originally borrowed – plus any unpaid interest – is repaid when your home is sold.

Paying some or all of the interest each month can save you a lot of money in the long term. In this example, paying just £50 each month means you have almost £20,000 more to leave your family when your house is finally sold.

	£0 interest paid each month (roll-up mortgage)	£50 interest paid each month	£100 interest paid each month	Full interest (£256.99) paid each month
Value of property	£250,000	£250,000	£250,000	£250,000
Amount borrowed	£50,000	£50,000	£50,000	£50,000
Interest rate	6%	6%	6%	6%
Total interest paid over 25 years	£173,248.49	£153,425.54	£133,602.60	£71,362.51
Amount owed to mortgage company after 25 years	£223,248.49	£203,425.54	£183,602.60	£50,000

## Optional features of lifetime mortgages

Equity release products have changed a lot recently and now come with a range of different features, some of which can be combined.

### 1. Take the money as you need it - Drawdown facility

With drawdown, you take the money in stages rather than as one big lump sum. You can choose to receive regular payments or take out smaller lump sums as and when you need them.

The big advantage of this option is that it reduces the overall cost because you only pay interest on the money you have taken out.

### 2. Bigger lump sums for people with ill health - Enhanced lifetime mortgages

If you are retired due to ill health, you have a medical condition, you smoke or you're overweight, then you might qualify for what's known as an enhanced lifetime mortgage. These pay out bigger lump sums than would be paid to someone who is expected to live longer.

These loans often come with a higher interest rate than standard lifetime mortgages. And bear in mind that taking out a bigger loan is not always the best course of action. The eventual cost of the loan plus interest will be even higher.

### 3. Ring-fence an amount for your family – Guaranteed inheritance

Some schemes allow you to guarantee an inheritance to your beneficiaries when the plan comes to an end by protecting a percentage of the value of your property. For example, if your house is worth £300,000, you could protect 25%, leaving a guaranteed inheritance of £75,000.

When you ring-fence some of the value of your home, you also reduce the amount of equity you can release. For example, if you protect 25% of the property's value, the amount you can borrow will be 25% less than it would have been. And remember, even though the percentage is guaranteed, the actual amount your relatives will inherit will depend on property prices at the time.

➔ Find out more about lifetime mortgages at [moneyadvice.service.org.uk/lifetime-mortgage](https://moneyadvice.service.org.uk/lifetime-mortgage)

## Pros and cons of lifetime mortgages

Pros	Cons
<ul style="list-style-type: none"><li>■ Fixed interest rates mean you always know how much the loan is costing.</li><li>■ You get to keep and stay in your own home.</li><li>■ You can choose to receive a monthly income, a large lump sum, or several smaller lump sums according to your needs.</li><li>■ The total debt won't ever be more than the value of your property (as long as your provider is a member of the Equity Release Council) see page 7.</li><li>■ The loan is only repaid at the end of your mortgage term which is when you move into long-term care or die.</li><li>■ Equity release schemes can reduce the Inheritance Tax your beneficiaries (the people you leave your estate to) might have to pay after your death.</li></ul>	<ul style="list-style-type: none"><li>■ Lifetime mortgages are a costly way of borrowing money, especially if you opt to roll up the interest.</li><li>■ You could be left with very little equity in your home to pass on to your beneficiaries or to spend on long-term care for yourself or your partner.</li><li>■ If you need to move to a smaller property in the future, you might find that you can't afford to, or your choice of property is restricted.</li><li>■ Schemes are not particularly flexible if your circumstances change. For example, you'll usually need permission for someone else, such as a relative, carer or new partner to move in.</li><li>■ If you repay the loan early you will usually have to pay an early repayment charge.</li><li>■ Any money you raise through equity release is likely to affect your entitlement to benefits.</li></ul>

## Home reversions explained

**With a home reversion plan you sell all or part of your home at less than its market value in return for a cash lump sum, a regular income or both.**

Usually you don't pay rent, or if you do it's only a minimal amount.

When your home is sold, the reversion company gets its share of it. If you sold the entire property they will get all of the proceeds. If you sold half, they get half of the proceeds, leaving the rest to go towards your estate.

For example, you sell a 60% share in your £250,000 property in return for a lump sum of £50,000 (60% of your property is actually worth £150,000). 20 years later you move into care and your home is sold for £300,000. The home reversion company are entitled to £180,000 – 60% of the proceeds. You keep the remaining 40% - £120,000.

The older you are when you start a home reversion scheme, the higher the percentage you'll get of your home's market value. For this reason they are normally best suited to those over 70. If you are considering a home reversion plan, make sure you get your home independently valued.

➔ Find out more about home reversions at [moneyadvice.service.org.uk/home-reversion](https://moneyadvice.service.org.uk/home-reversion)

## Pros and cons of home reversions

Pros	Cons
<ul style="list-style-type: none"> <li>You get to stay in your own home for the rest of your life, or until you have to move permanently into care.</li> <li>You can choose to receive a regular income, a lump sum or both according to your needs.</li> <li>If you've only sold part of your home, you will benefit from any rise in the value of the share you've kept.</li> <li>You know exactly what percentage of your property will go as an inheritance or will remain to pay for care home fees.</li> <li>Equity release schemes can reduce the Inheritance Tax your beneficiaries might have to pay after your death.</li> </ul>	<ul style="list-style-type: none"> <li>You will get a lot less than the full market value for your home – typically between 20% and 60%.</li> <li>You're no longer the sole owner of your home. The deeds pass to the reversion company and you become a tenant.</li> <li>The home reversion company will regularly inspect your home and you will be bound to carry out (and pay for) the repairs and maintenance they request.</li> <li>The inheritance you pass on will be reduced. The only way your beneficiaries will be able to keep your home is to buy it back from the reversion company at full market value.</li> <li>Schemes are not particularly flexible if your circumstances change. For example, you'll usually need permission for someone else, such as a relative, carer or new partner to move in.</li> <li>Any money you raise through equity release is likely to affect your entitlement to benefits.</li> </ul>

### Remember

#### Seek independent advice

Equity release schemes can be complex products and it is now a requirement that you must speak to a suitably qualified financial adviser. This is a mandatory requirement of the Financial Conduct Authority (FCA).

### Be aware

#### Sale and rent back schemes

You may have heard about sale and rent back schemes which are different from home reversion schemes. Only ever consider them as a last resort.

With these schemes you sell your home to a private company at a reduced price and then rent it back from them as a tenant. You may have to leave your home after the end of the fixed term in your tenancy agreement, which may only last five years. And you will have to pay a much higher rent which could go up.

# Retirement interest only mortgages explained

Retirement interest only mortgages are a relatively new option for borrowing money later on in life. You can use one as an alternative to equity release schemes, or in some cases, to delay taking out equity release.

Retirement interest only mortgages are also used by people who are coming to the end of their existing interest only mortgage with no means of paying off the amount still owed.

You borrow a sum of money against your home and repay the interest each month. Some products allow you to repay some of the capital as well. The loan is repaid either when the mortgage term comes to an end, or when you sell the property, move into care or die.

Unlike home reversion plans and most lifetime mortgages, you have to pass an affordability check to prove that you can afford the interest payments. If you are taking out the mortgage in joint names you will both also need to prove that you can afford the payments in the event of one of you dying.

The amount you can borrow depends on how much the lender decides you can afford but it can be up to 60% of the value of your property.



## Pros and cons of retirement interest only mortgages

Pros	Cons
<ul style="list-style-type: none"><li>■ The rates for retirement interest only mortgages are usually more competitive than equity release products.</li><li>■ Because the interest doesn't get added to the loan (as it does with a roll-up lifetime mortgage), you protect the value of your inheritance.</li><li>■ The loan is only repaid at the end of your mortgage term which is after an agreed length of time, when you sell your property, move into long-term care or die.</li><li>■ You can potentially borrow a larger percentage of the value of your property than you can with a lifetime mortgage. This might be useful if you have an existing interest only mortgage that is coming to an end.</li><li>■ Products are more flexible than equity release, sometimes with low or no early repayment charges.</li></ul>	<ul style="list-style-type: none"><li>■ You (and your partner) need to prove you have a high enough guaranteed income to show you can continue to make the interest payments until the loan is repaid.</li><li>■ Your home is at risk of repossession if you can't make the interest payments.</li><li>■ Your beneficiaries will usually have to sell your home in order to repay the mortgage.</li></ul>

## Tips

As well as getting professional advice, here are our top tips if you do decide to go ahead.

- **Borrow as little as you can**, as late as you can. As soon as you release the cash you will start being charged interest on the full amount. And the best deals tend to be available to older borrowers. So the sooner you borrow and the more you borrow, the more expensive it is. Use a drawdown facility to borrow as little as you need, and wait as long as possible before doing it again.
- **Pay interest.** If you can afford it, use a scheme that lets you pay some or all of the interest each month. This avoids the snowball effect of compound interest (paying interest on interest).

- **Protect yourself from negative equity.** If you're going for a lifetime mortgage, make sure your provider is a member of the Equity Release Council. This will ensure you benefit from a no negative equity guarantee (so you never have to pay back more than your property is worth).
- **Keep your options open.** Even if you are sure you want to go ahead, your circumstances might change. Choose a product that is portable (meaning you should be able to move it to another property without charge). Also go for a product with low or no early repayment charges so that you can either switch to another provider or leave it altogether if you need to.

# Methods of releasing equity compared

The main differences between the different methods of releasing equity are explained in the table below.

	Lifetime mortgage	Home reversion	Retirement interest only mortgage
<b>Age restrictions</b>	55+	60+	It varies from product to product, but there is usually a lower age limit (typically 55) and sometimes an upper age limit too (of 80 or 85).
<b>Do I still own my own home?</b>	Yes, but the mortgage and the interest have to be paid back. This can grow to as much as (but no more than) 100% of the value of the property.	No, you'll be a tenant of the reversion company for all or whatever part of the property you sold.	Yes, but the mortgage has to be paid back.
<b>How long does the arrangement last?</b>	Lifetime (or until you move into long-term care).	Lifetime (or until you move into long-term care).	The mortgage ends when you reach an 'agreed event'. This might be when you reach a certain age, you move into long-term care or you die.
<b>Do I have to pay anything?</b>	You can choose to either pay the interest monthly or roll it up (add it to your loan). If you add the interest to your loan you pay interest on interest so the debt can grow very quickly. You will also have to pay fees to set up the scheme. See Fees and costs on page 21.	Some home reversion plans charge a 'peppercorn' rent (around £50 a year). You will also have to pay fees to set up the scheme. See Fees and costs on page 21.	You pay the monthly interest. You will also have to pay fees to set up the mortgage. See Fees and costs on page 21.

	Lifetime mortgage	Home reversion	Retirement interest only mortgage
<b>Do I need to do an affordability check?</b>	Only if a regular payment is required.	No.	Yes, you (both) need to have a high enough guaranteed income to show you can continue to make the interest payments until the loan is repaid.
<b>How much can I get?</b>	This depends on your age, but as a general rule you can borrow: <ul style="list-style-type: none"> <li>■ age 65 – up to 30% of the value of your property</li> <li>■ age 70 – up to 40%</li> <li>■ age 75 – up to 50%</li> <li>■ age 80 – up to 55%.</li> </ul>	You can sell up to 100% of your property but the amount you get depends on your age. As a general rule: <ul style="list-style-type: none"> <li>■ age 65 – 20% of the market value</li> <li>■ age 90 – 60% of the market value.</li> </ul>	This depends on how much the lender decides you can afford but it can be up to 60% of the value of your property.
<b>Is my home at risk of repossession?</b>	No.	No, you continue to own the remaining percentage of your home.	Yes, if you don't keep up with your monthly payments.
<b>Is there a negative equity guarantee?</b>	Yes, you will never owe more than the value of your home.	N/A	No guarantee.

# What happens if your situation changes?

Most equity release arrangements are designed for the long-term and once you have made a decision it can be hard to get out of it. This means it is really important you think about what you would do if something changed in your life. The following table outlines some of the most common situations and how they could affect you.

## If you decide to move

Lifetime mortgages	Home reversions	Retirement interest only mortgages
<p>Most lifetime mortgages can be transferred to a new property but there are some properties that your mortgage provider won't accept, for example sheltered or retirement accommodation.</p> <p>As long as your provider is a member of the Equity Release Council, they won't charge you any fees when you transfer your lifetime mortgage.</p> <p>If you want to move to a lower-value property, you may have to pay back part of the lifetime mortgage. This is because you can only borrow a certain percentage of the value of a property and the amount you owe by the time you come to move might be higher than the amount you are able to borrow.</p> <p>If you can't transfer the scheme, you'll have to repay the whole mortgage when you sell your property. There may also be early repayment charges to pay.</p> <p>The amount you owe at this point (the original amount plus the rolled-up interest plus any early repayment charges) might mean you can't afford to buy another property.</p> <p>Always check with the lender about moving restrictions and early repayment charges before you sign up.</p>	<p>Some home reversion plans can be transferred to a new property but there are some properties that your mortgage provider won't accept, for example sheltered or retirement accommodation.</p> <p>As long as your provider is a member of the Equity Release Council, they won't charge you any fees when you transfer your plan.</p> <p>If you can't transfer the scheme, you'll have to buy back the property (or share of the property) at its full market value. This could be very expensive and might not leave you with enough to buy the new property.</p> <p>Always check with the lender about moving restrictions before you sign up.</p>	<p>You can usually transfer your retirement interest only mortgage to your new property. Check with your lender whether they will charge transfer fees if you move.</p>

## You want to switch deals

Lifetime mortgages	Home reversions	Retirement interest only mortgages
<p>You may be able to switch your lifetime mortgage to get a better deal.</p> <p>However, there may be early repayment charges to pay. This could cancel out the benefit you get from switching.</p>	<p>You can't switch a home reversion plan.</p>	<p>You can usually switch to a better deal but may have to pay an early repayment charge.</p>

## You or your partner dies

Lifetime mortgages	Home reversions	Retirement interest only mortgages
<p>If the scheme is in both names, the arrangements will continue until the surviving partner dies or moves into care.</p> <p>At this point the property will have to be sold and the lifetime mortgage paid in full.</p> <p>Most lenders will continue to charge interest until your property is sold and the mortgage repaid in full.</p>	<p>The plan will continue until the surviving partner dies or moves into care.</p> <p>At this point the property will have to be sold and the proceeds split depending on what share of the property you and the reversion company own.</p> <p>Most home reversion companies manage the sale and charge you a share of the costs.</p>	<p>If the mortgage is in both names, the arrangement will continue as before.</p> <p>When the surviving partner dies or moves into care – the outstanding amount will have to be paid in full.</p> <p>Most lenders will continue to charge interest until your property is sold and the mortgage repaid in full.</p>

## You want someone else to move in (eg a relative, carer or new partner)

Lifetime mortgages	Home reversions	Retirement interest only mortgages
<p>You will need to ask your provider for permission. You may be able to transfer the scheme into your joint names, however that person will have to meet the scheme's minimum age requirements and there may be a charge.</p> <p>If you can't transfer the scheme into joint names, the other person won't be able to stay in the home if you die or move out.</p>	<p>You will need to ask your provider for permission. A home reversion is typically a one-off agreement, so can't be added to or changed after the event.</p>	<p>You may be able to transfer the mortgage into your joint names, however that person will have to meet the lender's minimum age requirements and pass an affordability check. There may be a charge.</p> <p>If you can't transfer the mortgage into joint names, the other person won't be able to stay in the home if you die or move out.</p>

## You or your partner need long-term care

Lifetime mortgages	Home reversions	Retirement interest only mortgages
<p>Your equity release scheme should carry on unchanged if the care is provided in your own home or just one of you moves to a care home. Always check this with your scheme provider before you sign up.</p> <p>If you both move permanently into a care home, the scheme will end and the property will be sold. You are usually allowed between 6 months and 1 year to sell your property but always check with your provider and make sure you are happy with any deadline before you sign up.</p> <p>You will be responsible for paying all the costs of the sale, including solicitors' fees.</p>	<p>Your equity release scheme should carry on unchanged if the care is provided in your own home or just one of you moves to a care home. Always check this with your scheme provider before you sign up.</p> <p>If you both move permanently into a care home, the scheme will end and the property will be sold.</p> <p>Most home reversion companies manage the sale and charge you a share of the costs.</p>	<p>Your mortgage should carry on unchanged if the care is provided in your own home or just one of you moves to a care home. Always check this with your lender before you sign up.</p> <p>If you both move permanently into a care home, the mortgage will need to be paid off in full.</p>

# Fees and costs

**You'll have to pay fees and costs to set up a lifetime mortgage, a home reversion plan or a retirement interest only mortgage. Make sure you ask for illustrations or quotes that set these out.**

- **Arrangement fee:** most equity release schemes will charge an arrangement fee, also known as an application or product fee. This is usually £1,500-£3,000. For retirement interest only mortgages this is usually lower, around £800-£1,000.
- **Valuation fee:** linked to the value of the property. Probably around £200 for a property valued at £250,000.
- **Legal costs:** ask your solicitor for the total cost.
- **Adviser fees:** it is essential that you seek independent financial advice when taking out an equity release scheme. All advisers have to tell you up front what their fee is for advising or arranging your scheme. Even if you are thinking of a retirement interest only mortgage, it's still a good idea to seek advice.
- **Buildings insurance:** this will vary, depending on the property. If you already have buildings insurance it will need to meet the lender's requirements.
- **Early repayment charge:** if you repay your lifetime mortgage or retirement interest only mortgage before the

end of the contract you may have to pay an early repayment charge. These vary according to the lender.

- **Drawdown fees:** if you decide to borrow more in future under a drawdown arrangement, some lenders may charge extra lending fees.
- **Possible rental charges:** with a home reversion you may have to pay rent, but often this is only a minimal amount.

With a lifetime mortgage or retirement interest only mortgage some of these costs can be added to the loan so although you pay less up front, you pay interest on any amounts added.

## Other costs to take into account

Remember you will also need to budget for ongoing maintenance or repair costs.

At the end of a **lifetime mortgage** or a **retirement interest only mortgage**, when your property is sold, you will be responsible for paying all the costs of the sale. You might also have to pay an administration fee to the mortgage company.

At the end of a **home reversion scheme**, when your property is sold, you will pay your share of the costs of the sale. You might also have to pay an administration fee to the reversion company.

# Get professional advice

## Before taking out an equity release product make sure you get professional advice.

Anyone who advises customers on equity release schemes or sells them must have a specialist qualification. This is not the case for retirement interest only mortgages although it is still advisable to take advice from a suitability qualified advisor. If you want someone to help you compare all available options, make sure you seek advice from someone who specialises in both equity release and standard mortgages

Firms selling or advising on equity release schemes must be regulated by the Financial Conduct Authority (FCA). This means they have to meet certain standards and there are procedures to follow if things go wrong, including using the Financial Ombudsman Service.

Check the FCA register to make sure a firm is regulated. See Useful contacts on page 23.

## Get information tailored to you

When you ask providers about their products they will give you general information. It's essential to get advice specific to your needs and circumstances.

An FCA regulated firm will be obliged to take your circumstances into account. They should:

- check whether your tax bill and entitlement to benefits will be affected
- tell you the advantages and disadvantages of the product
- give you details of the product's features
- for lifetime mortgages and retirement interest only mortgages they must give you the APR – annual percentage interest rate – if they give you price information
- tell you if there's a fee for advising or arranging your mortgage.

## Use keyfacts information to compare products

Your adviser should give you two documents. One will explain the service being offered, whether you'll have to pay for it, and the product range on offer. Make sure they are including all later life borrowing options open to you, including non-equity release products such as retirement interest only mortgages, where relevant.

The second, a product illustration will be prepared specifically for you. It should outline all the important risks and features of the particular product.

You can use these documents to compare products and they can help the adviser recommend the one which is best suited to your needs. Make sure you understand how much you owe now and in the future: ask for at least a 25-year illustration of your borrowing and interest.

# Useful contacts

## Money Advice Service

The Money Advice Service is independent and set up by government to help people make the most of their money by giving free, impartial money guidance to everyone across the UK – online and over the phone.

We give advice, tips and tools on a wide range of topics including day-to-day money management, savings, planning your retirement and for your future, as well as advice and help for life changing events such as starting a family or losing your job.

For advice and to access our tools and planners visit [moneyadvice.service.org.uk](https://moneyadvice.service.org.uk)

Or call our Money Advice Line on **0800 138 7777**  
Mon - Fri: 8am to 6pm

Typetalk  
**1800 1 0800 915 4622**  
Mon - Fri: 8am to 6pm

WhatsApp  
**+44 7701 342744**

Webchat  
[moneyadvice.service.org.uk](https://moneyadvice.service.org.uk)

## Financial Conduct Authority (FCA)

To check the FCA Register to make sure a firm is regulated, or to report misleading financial adverts or promotions.

0800 111 6768 or 0300 500 8082  
Typetalk: 18001 0800 111 6768  
[fca.org.uk/consumers](https://fca.org.uk/consumers)

## StepChange Financial Services

For free advice and information on equity release schemes.

0808 1686 719  
[stepchange.org](https://stepchange.org)

## Age UK

0800 055 6112  
[ageuk.org.uk](https://ageuk.org.uk)  
Request or search for factsheet 67: 'Home improvements and repairs'

## Age Cymru

08000 223 444  
[agecymru.org.uk](https://agecymru.org.uk)

## Age NI

0808 808 7575  
[ageuk.org.uk/northern-ireland/](https://ageuk.org.uk/northern-ireland/)

## Age Scotland

0800 12 44 222  
[ageuk.org.uk/scotland/](https://ageuk.org.uk/scotland/)  
Request factsheet Hou 5: 'Older homeowners help with repairs improvements and adaptations'

## Citizens Advice

England 03444 111 444  
Wales 03444 77 20 20  
Scotland 0808 800 9060  
Northern Ireland 0800 028 1881  
[citizensadvice.org.uk](https://citizensadvice.org.uk)

## Independent Age

Advice and support for older age  
0800 319 6789  
[independentage.org](http://independentage.org)

## Local authority or council

For information about Council Tax Reduction, home repair and improvement assistance and local charities that might be able to help. Find your local council at [gov.uk/find-local-council](http://gov.uk/find-local-council)

## Not-for-profit help arranging home improvements and financial advice

### Foundations (England)

0300 124 0315  
[foundations.uk.com](http://foundations.uk.com)

### Care and Repair Scotland

0141 221 9879  
[careandrepairsotland.co.uk](http://careandrepairsotland.co.uk)

### Care and Repair Cymru

0300 111 3333  
[careandrepair.org.uk](http://careandrepair.org.uk)

### Radius Housing (Northern Ireland)

0330 123 0888  
[radiushousing.org](http://radiushousing.org)

## To find a financial adviser

### Retirement Adviser Directory

Search our directory of regulated retirement advisers. Just select equity release under 'What do you need help with?'.  
[directory.moneyadvice.service.org.uk](http://directory.moneyadvice.service.org.uk)

## The Personal Finance Society

For financial advisers in your area.  
[thepfs.org/yourmoney/find-an-adviser/](http://thepfs.org/yourmoney/find-an-adviser/)

## Society of Later Life Advisers

For an adviser who specialises in the financial needs of older people.  
[societyoflaterlifeadvisers.co.uk/Find-an-adviser](http://societyoflaterlifeadvisers.co.uk/Find-an-adviser)

## To find an independent surveyor or valuer

### Royal Institute of Chartered Surveyors

[ricsfirms.com](http://ricsfirms.com)

## To find a solicitor

Look in your phone book, online or contact the following:

### Solicitors for the elderly

0844 567 6173  
[sfe.legal/find-a-lawyer/](http://sfe.legal/find-a-lawyer/)

### Law Society of England and Wales

020 7320 5650  
[solicitors.lawsociety.org.uk/](http://solicitors.lawsociety.org.uk/)

### Law Society of Scotland

0131 226 7411  
[lawscot.org.uk/find-a-solicitor/](http://lawscot.org.uk/find-a-solicitor/)

### Law Society of Northern Ireland

028 9023 1614  
[lawsoc-ni.org/solicitors](http://lawsoc-ni.org/solicitors)

## For information about tax

### HM Revenue and Customs (HMRC)

0300 200 3300  
[gov.uk/browse/tax](http://gov.uk/browse/tax)

## For information about benefits

### The Pension Service

For information about claiming Pension Credit.  
0800 99 1234  
Textphone: 0800 169 0133  
[gov.uk/pension-credit](http://gov.uk/pension-credit)  
[gov.uk/benefits-calculators](http://gov.uk/benefits-calculators)

### Citizens Advice

Free, confidential, impartial and independent benefits advice.  
England 03444 111 444  
Wales 03444 77 20 20  
Scotland 0808 800 9060  
Northern Ireland 0800 028 1881  
[citizensadvice.org.uk](http://citizensadvice.org.uk)

## For help with debt problems

### Citizens Advice

England 03444 111 444  
Wales 03444 77 20 20  
Scotland 0808 800 9060  
Northern Ireland 0800 028 1881  
[citizensadvice.org.uk](http://citizensadvice.org.uk)

### StepChange Debt Charity

0800 138 1111  
[stepchange.org](http://stepchange.org)

### National Debtline

0808 808 4000  
[nationaldebtline.org](http://nationaldebtline.org)

### Money Advice Scotland

0141 572 0237  
[www.moneyadvicescotland.org.uk](http://www.moneyadvicescotland.org.uk)

### Advice NI

0800 028 1881  
[adviceni.net/advice/debt](http://adviceni.net/advice/debt)

## Tracing lost pensions, savings or investments

For lost accounts with banks, building societies and National Savings and Investments (NS&I), get a claim form from any bank or building society, library or Citizens Advice Bureau.

### My Lost Account

[mylostaccount.org.uk](http://mylostaccount.org.uk)  
The Pension Tracing Service  
To trace lost pensions.  
0845 600 2537  
Minicom/textphone: 0845 300 0169  
[gov.uk/find-lost-pension](http://gov.uk/find-lost-pension)

### Unclaimed Assets Register

To trace lost insurance policies, pensions, unit trust holdings, and share dividends – for a small fee.  
0333 000 0182  
[uar.co.uk](http://uar.co.uk)

# If things go wrong

---

If something goes wrong, contact the adviser or provider to put matters right.

If you're not satisfied with their response or they don't respond within a certain amount of time, you can take your complaint to the Financial Ombudsman Service for free.

For more information, visit [moneyadvice.service.org.uk/money-problems](https://moneyadvice.service.org.uk/money-problems), or contact the Financial Ombudsman.

## Financial Ombudsman Service

0800 023 4567 (free from landlines) or 0300 123 9123

[financial-ombudsman.org.uk](https://financial-ombudsman.org.uk)

## Compensation

If the adviser or provider has stopped trading and isn't able to pay claims against it, the Financial Services Compensation Scheme may be able to help.

The service is free to claimants.

You won't lose your home because a lender stops trading, but if you have a lifetime mortgage or retirement interest-only mortgage where regular payments are made, you must continue to pay them.

## Financial Services Compensation Scheme

0800 678 1100 or 020 7741 4100

[fscs.org.uk](https://fscs.org.uk)

Use this page to record your notes

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Use this page to record your notes

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Use this page to record your notes

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



**Releasing equity from your home**  
is one of the guides available from the  
Money Advice Service. This publication is  
available in Welsh. To see this and our full  
range of guides and request copies visit  
**[moneyadvice.service.org.uk/freeguides](https://moneyadvice.service.org.uk/freeguides)**

**Money Advice Line 0800 138 7777\***  
Mon - Fri 8am to 6pm

**Typetalk 1800 1 0800 915 4622**  
Mon - Fri 8am to 6pm

**WhatsApp +44 7701 342744**

**Webchat [moneyadvice.service.org.uk](https://moneyadvice.service.org.uk)**

If you would like this guide  
in Braille, large print or audio  
format please contact us on the  
above numbers.

\*Calls are free. To help us maintain and improve our service,  
we may record or monitor calls.  
Information correct at time of printing (April 2020).  
These guides are reviewed once a year.

**April 2020**  
© Money Advice Service April 2020  
Ref: ERS\_Apr20\_Ed1\_Eng