



Great Retirement Money Debate – Mind Over Money

How the financial services sector can meet the health, wellbeing and vulnerability challenges of older consumers was the central theme of *Mind Over Money*, the Equity Release Council's third annual Great Retirement Money Debate on 10 July 2017.

Hosted by consumer champion Liz Barclay, the event saw presentations by speakers from across the public, private and voluntary sectors, followed by interactive Q&A with questions from the floor from the 120 attendees.

The first half of the event examined the definition of mental capacity, what an ageing population means for the financial services industry and the challenges for government and policymakers. The expert panel comprised Baroness Finlay of Llandaff, Chair of the National Mental Capacity Forum; Linda Woodall, Director of Life Insurance and Financial Advice at the Financial Conduct Authority; and David Sinclair, Director of International Longevity Centre-UK.

The second session considered the practical steps professionals should take to meet the needs of older consumers, particularly those with mental capacity issues. Expert panellists included: Henry Thompson, Policy Adviser at the Association of British Insurers; Ben Leonard, founder of META Finance; Claire van Overdijk TEP, specialist public law and private client barrister at Outer Temple Chambers; and Jane Ashcroft CBE, Chief Executive at Anchor. Introductory and concluding remarks were provided by Nigel Waterson, Chairman of the Equity Release Council.

During the wide-ranging event, the following key themes emerged:



Quality of advice

With the changing socio-economic landscape, including pension freedoms and rising housing wealth in particular, older consumers have a range of options available to them.

Anecdotal feedback suggests that most consumers would prefer to receive advice on products and services from one source, rather than a number of advisers across different areas, so they can consider all options together. Due to complexities and changing legislation for example, this might not be practicable, however, at the very least advisers should develop their business models and strengthen links with specialists to provide consumers with an advice process that is as seamless and cost-effective as possible, resulting in the best consumer outcomes.



Understanding consumers

As well as sound knowledge of the variety of product options available, a greater understanding of equity release customers themselves is needed. This was a key recommendation of the Council's white paper published in April 2017 and a recurring theme during the debate. While there is no single type of equity release customer, i.e. people take out equity release for many different reasons, further research will provide greater insight into consumer behaviour and enable such financial products and services to be tailored accordingly. Client offering will need to be sufficiently flexible to cater for different

customers, both at the point of initial delivery but also over the lifetime of a product or service, bearing in mind older people's changing needs, living arrangements and requirements.

A direct challenge to traditional approaches to older consumers was around vulnerability. Panellists emphasised that vulnerability is not just the preserve of consumers in older age. Daunting financial decisions, particularly during key life events, mean that all customers can be and are vulnerable to some extent. It was certainly not desirable for the financial services sector to get to the stage where older consumers were deemed so vulnerable that organisations would not want to serve them.

Technology can also help to develop greater understanding of consumers by providing a personalised offer and building greater integration across financial products and services so that customers can consider all their financial decision making together. Whilst acknowledging the opportunities that technology can provide, it was emphasised that we should not place naïve trust in technology, but ensure that all technological innovations are robustly tested before being used.

The *Debate* also emphasised the importance of focused, well-directed training in mental capacity, so that firms develop their understanding. There are three different elements when considering mental capacity: learning difficulties, fluctuating capacity and cognitive decline. While all three aspects present significant challenges, it is fluctuating capacity that is the hardest to both identify and build appropriate systems around.

A consumer may have capacity to make decisions in some areas, but not in others, for example. Audience and panelists discussed the ways to improve understanding of mental capacity, from raising awareness of the [five principles of the Mental Capacity Act \(2005\)](#), to recording telephone calls to develop good practice in handling customer enquiries, particularly from those with mental capacity issues.



The right environment

The Council's Standards require equity release customers to be provided with independent legal advice before taking out a product. This is one step that puts into practice the principle that consumers should feel at ease and not rushed when making important financial decisions.

Further to this safeguard, the *Debate* highlighted the importance of environment in providing the right setting for consumers, in such a way that ensures consumers feel comfortable when making financial decisions, while also helping professionals to determine whether consumers are being coerced in any way. The consensus from the panel was that professionals should try to move conversations away from 'the counter' and conduct business akin to a discussion over a cup of coffee, for example.

This move towards increased face-to-face contact may require significant changes in working practices and organisational structures, particularly where advisers have traditionally only provided their service by means of delivering advice over the telephone. Customers in the future meanwhile may be more familiar with technology and therefore more comfortable in accessing financial services this way. Therefore, firms need to be flexible in their customer contact offering, so they can best interact with a range of consumers.

The *Debate* also emphasised the importance of creating the right working culture, where staff are appropriately trained and feel well supported by management so they are able to handle customers appropriately. If a team member has any concerns, they should be supported in their decision to pause proceedings, to provide, for example, an opportunity to establish that the customer was not being unduly influenced in their decision making.

Use guidance and advice tools

A range of guidance for consumers and professionals exists and is forthcoming and these should be utilised to provide both sides of the process with the skills and knowledge to get the best outcome for all. These tools can be found across a variety of platforms and one of the greatest challenges is being able to access the resources and consider them all together.

The Council aims to coordinate links and resources to help consumers and industry professionals reference some of the available materials more easily.



Collaboration

The *Great Retirement Money Debate* provided learning and networking opportunities for organisations including advisers, lenders, retirement community operators, consumer representatives and third sector organisations.

Technology can help the financial services collaborate more effectively, by providing greater transparency via data dashboards and through greater integration across products and services to help deliver a more calibrated offer for consumers.

Next steps

The wide range of issues covered by the *Debate* underlined the complexity and level of challenge in enabling the financial services sector to meet the health, wellbeing and vulnerability needs of older consumers. Post-event feedback from delegates emphasised the importance of education to increase professional understanding of mental capacity issues as well as informing the consumer of matters requiring their consideration, such as making a Lasting Power of Attorney.

During the summer of 2017, the Equity Release Council conducted a review of its strategy and key objectives, identifying priority areas for both the Council and the sector. Full details will be published shortly. It aims to deliver on a manifesto of commitments and to reflect on the discussions, developments and feedback related to the *Great Retirement Money Debate*. Listed below is a summary of actions from the *Debate* itself that were taken by the Council. Being consumer focused, the Council's overarching aim continues to be the delivery of improved customer outcomes.



Policy discussion – both the *Debate* itself and post-event feedback illustrated the need for further discussion of mental capacity and related issues. For example, encouraging take up of Lasting Power of Attorney; early repayment charges; managing risk in an expanding market; further exploration of technology.

The Council intends to facilitate further discussion via policy roundtables aimed at providing practicable solutions on a range of topics. This demonstrates the Council's commitment to addressing the range of customer need, building greater understanding of consumers, improving the efficiency of processes and proactively reaching out to other trade, regulatory and professional bodies.

Resources – speakers at the *Debate* indicated there are a range of useful for materials for consumers and professionals alike.

As part of our commitment to assist sector professionals, the Council's website will include signposting to some of the guidance on mental capacity and vulnerability issues. For example, the Social Care Institute for Excellence Mental Capacity Act directory and assessment tools.

The links to be provided by the Council cannot be deemed an exhaustive list.

Training – as the *Debate* identified, education will help the sector meet the needs of older consumers.

To support professional serving the marketplace, the Council will explore ways it can provide further information and/or organise education for members on topics including:

Power of Attorney; identifying and dealing with vulnerable customers (particularly mental capacity issues); technology to improve product access for older consumers.



Equity Release Council

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