



Equity Release Council - Our Standards

Our standards encompass our proposition, our overarching principles, our required customer outcomes and our rules and guidance for members

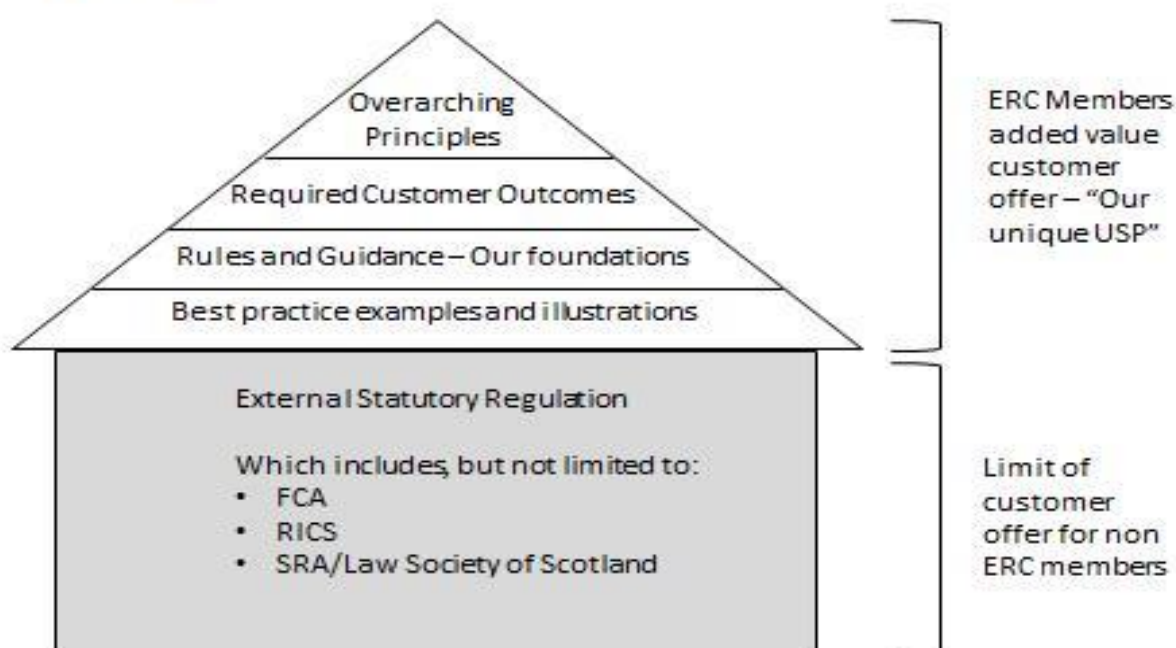
The Equity Release Council (“The Council”) is a voluntary body which aims to ensure that its members are highly professional and act with integrity and transparency in offering high-quality products and services to customers.

The Standards Board is incorporated as part of the Equity Release Council and exists to ensure that equity release products are safe and reliable for consumers.

It sets the standards and principles for members of the Equity Release Council that are set out within this document. Through these standards, members can guarantee their customers that they offer products and services which conform to the best practices of the sector, ensuring customers are fully informed and properly protected.

The Chair of the Standards Board is tasked with ensuring that the Equity Release Council is constantly driving up standards within the sector and sharing best practice and innovation so that people who use products and services from Equity Release Council members can feel confident in their choice. The Board has three-independent members and representation from each of the provider, adviser, solicitor and surveyor membership.

Our Proposition



Overarching Principles

Our members will comply with all statutory regulation. In addition, our members will also comply with the ERC principles, required consumer outcomes, and rules and guidance, which are set out below.

The Overarching Principles are as follows:

- *Members will ensure that all their actions promote public confidence in equity release*
- *Members will act at all times in utmost good faith, with the best interests of their customers being paramount, by treating customers fairly in all their actions*
- *Members will ensure conflicts of interest are identified swiftly and managed fairly*
- *Members will seek to deliver suitable outcomes for customers from initial sale through every point of contact during the life of the product.*

Required Customer Outcomes

Our members will provide advice, information and professional services that are clear, transparent and impartial.

- *They will offer customers the products and services that suit their needs best and which are fairly priced*

- *Members will seek to identify and provide appropriate support to customers who may be exposed to physical, mental and financial vulnerability at any point of contact*
- *Customers will be confident that they will be able to live in their own home for as long as they wish, or move to a suitable alternative property, as long as they abide by the terms and conditions of their contract*
- *Members will do their best to make sure that customers understand their rights and responsibilities at every point of contact.*

Equity Release Council - Our Rules and Guidance - Introduction

Our Rules & Guidance incorporate a number of documents which set out The Council's requirements and expectations of its members.

Rules, with which members are expected to comply, *are set out in italics*.

Guidance, which is intended to assist members and indicate best practice, is set out beneath the rule to which it refers.

This document is subject to regular review by the Equity Release Council Standards Board ("The Standards Board").

It is recognised that there may, from time to time, be exceptional circumstances concerning a particular product or practice which is not in line with the rules, but which may be beneficial to customers or a particular group of customers.

Where such exceptional circumstances arise, the Standards Board will consider what action to take on a case-by-case basis.

Implementation

These Rules & Guidance were originally adopted by The Council on 11th July 2013 and came into effect on 1st January 2014.

Version 0.12 was approved by the Standards Board on the 10th September 2019 and by the Main Board on 23rd September 2019. (Note - The 0.12 document has been renamed as version 9.0 to align with the Standards naming convention, as it replaces version 8.0).

Version 9.0 dated 23rd September 2019 was updated to version 9.1 on 4th February 2020 following simplification changes within appendix B, and the correction of a reference within Appendix D.

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Equity Release Council - Our Rules and Guidance - Introduction

The following is a set of Rules & Standards which apply to all Equity Release Council Members.

Each rule is accompanied by a set of guidance or activities which will help a member firm demonstrate compliance with the rules.

All members are required to be aware of and comply with the full set of rules.

No.	Rules & Guidance for Advisers, Providers, Solicitors and Surveyors.
1	Annual Certificate of Compliance
	<i>All Members are required to complete and submit, on the anniversary of their admission as members of the Council, an Annual Certificate of Compliance with these Rules & Guidance. A copy of the Certificate appears as Appendix A.</i>
2	Accepting Business
	<p><i>2.1 Provider members may only accept applications for Equity Release Products from firms, or their appointed representatives, which:</i></p> <ul style="list-style-type: none"> <i>• are authorised and regulated by the Financial Conduct Authority (FCA)</i> <i>• have advisers who hold an appropriate Equity Release qualification</i> <i>• are permitted to advise customers on Equity Release products and have recommended the product being applied for.</i> <p><i>Giving advice on a home reversion plan or lifetime mortgage is a regulated activity under the Financial Services and Markets Act 2000 and anyone carrying out such an activity must be appropriately authorised by the Regulator.</i></p>
	<p><i>2.2 Each application for business must be supported by a declaration which must be signed by the adviser or, where an application is being submitted online through secure password protected access, that confirms that adviser is appropriately qualified in Home Reversion Plans and or Lifetime Mortgages as prescribed by the FCA.</i></p> <p>Provider members should incorporate this requirement into their standard Service Level Agreements. Provider members will also, as a matter of good practice, carry out regular checks as part of their due diligence.</p>

3	The Sales Process
	<p><i>3.1 Provider members are not permitted to accept execution-only business. Sales must always be made on an advised basis with a personal recommendation being given to the customer. This rule also applies where the application relates to an existing customer, who seeks an increase in the amount to be borrowed under a lifetime mortgage contract over and above the maximum amount or loan commitment on which advice was originally given, or an increase in the share of ownership to be sold under a home reversion plan.</i></p>
	<p><i>3.2 Provider members should not accept business unless they have taken reasonable steps to satisfy themselves that adviser members have followed these rules and guidance.</i></p>
	<p>3.3 (1) Customer Vulnerability</p> <p>There are many high-level circumstances and events that could lead to a customer being vulnerable. Vulnerability is not static and can evolve or change over time. Vulnerability triggers can include:</p> <ul style="list-style-type: none"> • age, physical or mental health • low literacy, numerical and language skills • redundancy, relationship breakdown or bereavement • medical condition or illness including addiction • financial difficulties including financial abuse • coercion from a third-party or a power of attorney acting for the customer who has not received independent financial advice • Loneliness and/or lack of support. <p>It is important that all firms have the capability to identify and respond to changes in customer vulnerability throughout the product term. There may be a particular role here for training for staff on how to identify changes in vulnerability and to respond accordingly.</p> <hr/> <p>3.3 (2) Provider standards</p> <p>Members should consider reviewing the effectiveness of frameworks for identifying, capturing and responding to vulnerability at the point when any borrowing decisions are made;</p> <p><i>Ensure that appropriate ongoing communication with customers is in place throughout the life of the product.</i></p> <p>For example, Providers could consider creating bite-size guides at key points of the customer journey, that are in plain language and cover a range of important topics;</p>

Have a written policy for personal sensitive data that explains to customers how this will be recorded, used, stored and shared;

Consider third-party access options in the absence of a power of attorney (POA) and have policies and procedures in place that allow for additional flexibility. For example, Providers could consider having third-party mandates or authorities in place that allow different ways of giving another person access to a customer's account.

Look at practical ways to validate that the drawdown is for a legal and legitimate purpose. For example, the purpose of each loan should be understood. Firms should also ensure that their Financial Crime policies and procedures are reflective of this standard (Refer to Section 6 for the full details of requirements here);

Ensure robust quality assurance programmes are in place to assess drawdowns with the aim of improving customer experience and outcomes, and routinely test these to ensure that customers are treated fairly and with empathy and sensitivity to their circumstances. For example, Providers could consider conducting case reviews on drawdown requests to assess whether the outcome achieved was appropriate;

Consider the collation of appropriate management information (MI) to monitor any adviser, customer and third-party behaviour which may give rise to concerns, in order that emerging risks, issues and trends can be identified and acted upon. Provider members should also consider informing adviser firms when a drawdown takes place, the purpose of the drawdown, and the amount.

If provider members have reasonable concerns about any particular drawdown request based on the individual circumstances or pattern of transactions, they should consider checking with the original adviser firm. This will ensure that the purpose and amount of the requested drawdown is consistent with the customer's personal circumstances and needs documented when the initial advice was given. If the advising firm is known to be no longer associated with the customer, it would not be appropriate to make contact.

Consider whether there are circumstances that give rise to an advice need at the point of drawdown and recommend that the customer seeks further advice in such instances.

Develop a referral process for situations where advice at the point of a drawdown is necessary. This should be supported by a policy that sets out how Providers will be updated on the outcome of advice received.

3.3 (3) Adviser Standards

Members should pay due regard to customers' best interests at all times, minimising the risk of detriment by regularly evaluating how policies and processes continue to deliver consistently fair outcomes;

Members should ensure:

(a) Where applicable, there has been a full discussion as to the implications of the plan for the customer(s) and for their family, and that the customer(s) was (were) made fully aware of such implications. If such a discussion does not take place at the customer's request, the reason for not consulting with their family should be clearly documented

(b) The customer(s) has/have been advised of the risks, features and benefits of the relevant product

(c) The customer(s) has/have considered all alternative courses of action. These alternatives should include whether the equity release product is the right product, or whether other alternative types of borrowing are more appropriate

(d) The customer's(s') physical and mental health has been considered in relation to the suitability of the plan. If there is any doubt regarding the customer's capacity an independent opinion from a suitably qualified medical practitioner may be required

The FCA's Mortgages: Conduct of Business (MCOB) Rules refer to the customer's "health" – which The Council interprets as meaning both physical and mental, including the customer's capacity to enter into a legal contract. The Mental Capacity Act specifically lists Solicitors amongst those deemed competent to assess mental capacity. The Solicitor who gives the customer independent legal advice about the contract should therefore be able to make this judgment, but if the Solicitor does not know the customer well, or has any doubts about the customer's mental capacity, a medical certificate will usually be sought.

(e) The Council is aware of, and fully endorses, the efforts that many members already make to use a range of existing systems and calculators to evaluate liability for tax and eligibility for welfare benefits and provide further information to customers. Taxation and welfare benefits are complex and change on a regular basis

It is important to understand the potential welfare benefits applicable to the customer (both pre and post transaction), and whether the release of equity might impact or curtail any existing or future benefits. Understanding the customer's circumstances will help the advisor assess whether the equity release advice is appropriate.

(f) In the case of a joint application, all customers have received all the information listed above

Where the provider is aware of any other person being resident at the property who is not party to the contract, it is considered good practice that such person(s) should also be advised to take independent legal advice to ensure they understand and accept the implications of the customer proceeding with the equity release plan.

(g) Advisers should recommend that customers seek advice from a Solicitor with regards to arranging a Will and Power of Attorney if appropriate

(h) Members must complete the drawdown section included as part of the 'Checklist for Advisers' and within the 'Suitability' report

Consider the provision of a customer application process at the outset that effectively capture the anticipated drawdown usage, such that this can be compared with actual usage during the term of the plan.

(i) Firms should have a written policy for personal sensitive data that explains to customers how this will be recorded, used, stored and shared

(j) Members might consider developing a process that:

- enables a customer's specific needs to be shared seamlessly between the Provider and Adviser member in an appropriate way
- actively monitor drawdown requests by having processes in place to ensure the product is being used for the purpose it was intended, and for Provider members to share concerns with Adviser members

<p><i>(k) Implement robust quality assurance programmes that aim to improve customer experience and outcomes, and routinely test these to ensure that customers are treated fairly, and with empathy and sensitivity to their circumstances</i></p> <p><i>(l) Contact all customers who are referred to them for advice by Provider members with the aim of qualifying the need for advice. The outcome of this contact (whether advice was provided or not) should be shared with the Provider.</i></p>
3.3 (4) Management Information (MI)
3.3(4) Section 6 details the rules and guidance for plans with a drawdown facility. Section 6.6 sets out the members guidance for management information.
3.4 Customers with existing plans
<p><i>3.4 All members have a duty of care to consider any existing equity release plans when advising either an existing customer with a plan previously arranged by the firm, or a new customer with an existing plan arranged by another firm.</i></p> <p>We would encourage Provider firms to notify Adviser firms (and vice versa) if they are made aware of trigger points or life events. This will ensure that there is continuity between providers and advisers to ensure that a client's change of circumstances is reviewed as required.</p> <p>We consider that the following examples of best practice may help members:</p> <ul style="list-style-type: none"> • Existing plan-holders are reviewed regularly to confirm the ongoing suitability of their plan • Regular reviews should take place at least every 5 years or when a product trigger point or life event occurs (such as death of a customer, or request for a further advance). (The death of a customer is a point where early settlement charges are suspended on many products) • The review should consider any change of circumstances, vulnerability or needs since the original plan was arranged. <p>A review of continued suitability should consider:</p> <ul style="list-style-type: none"> • the rate applied • any new features or benefits that might be more suitable, or any existing features or benefits that might no longer be suitable • any early repayment penalties for replacing the existing plan • any re-finance of an equity release plan should take account of the fees and charges involved • In the case of Home Reversion Plans, if a further cash release is available. <p><i>This advice should be documented in a written format to the customer, as per all the Rules and Guidance for new customers, but with specific emphasis on why replacing the existing plan was deemed appropriate.</i></p>

	<p data-bbox="284 230 571 259">3.5 Choice of Solicitor</p> <p data-bbox="284 300 1385 499">3.5 If a customer chooses not to instruct their own Solicitor, the adviser member (or provider member, if appropriate) may offer the names of at least one law firm which has experience in equity release products. Members should note that where they pass on details of law firms to customers, they should satisfy themselves that the firms in question have relevant experience in providing legal advice to equity release customers and are familiar with the current products in the marketplace.</p> <p data-bbox="284 535 1390 633"><i>Adviser members must not accept financial inducements from any third parties, including (but not limited to) providers or solicitors, when directing specific customers to any particular law firm.</i></p> <p data-bbox="284 669 1358 734"><i>Any choice made by the customer(s) in choosing a particular law firm must be fully documented by the adviser member.</i></p> <p data-bbox="284 770 930 799">Section 8 is devoted to Independent Legal Advice</p>
4.	Product Standards
	<p data-bbox="284 981 596 1010">4.1 Product Standards</p> <p data-bbox="284 1050 1406 1249"><i>4.1 Provider members must only indicate that a product meets the Equity Release Council standards if that product meets all of those standards. If an equity release product is offered that does not meet all of the product standards the product provider must state prominently in adviser-and consumer-facing literature that the product does not meet all of the standards. The literature must explicitly state which standards are not met, and give an illustration of the types of risks this poses to a customer.</i></p> <p data-bbox="284 1285 671 1314"><i>The standards are as follows:</i></p> <p data-bbox="284 1350 1353 1449"><i>(1) Customers must have the right to remain in their property for life, or until they move into long-term care, provided the property remains their main residence and they adhere to the terms and conditions of the contract;</i></p> <p data-bbox="284 1485 1398 1617">Provider members' definitions of "long-term care" may vary. It is therefore essential that providers make it clear, in their product literature and contract terms, what is or is not acceptable under their definition of long-term care. For example, the definition should include:</p> <ul data-bbox="331 1624 1401 1892" style="list-style-type: none"> • whether the provider defines long-term care as care being provided in an institution such as a nursing home • whether moving in with family members or friends, to be cared for by family or friends in conjunction with other carers, is acceptable • whether the provider requires a certificate, signed by an appropriately qualified medical practitioner who specialises in making these assessments, to confirm that the long-term care conditions have been met. <p data-bbox="284 1942 1385 2040"><i>(2) Customers must have the right to move to a suitable alternative property. An alternative property will be deemed suitable if the plan provider would normally issue a new plan on it to a new customer at the time of the move. This means that:</i></p>

(a) For **home reversion plans** customers must be offered a new plan in respect of a suitable alternative property on terms no less favourable than those offered to new customers at the time. A provider member may charge a customer reasonable costs and expenses for entering into the new plan. These are explained in more detail within section 12;

(b) For **lifetime mortgages** customers must be allowed to transfer the lifetime mortgage contract to a suitable alternative property, with no increase in the rate of interest.

If the new property is of insufficient value to secure the amount owed to the provider, any partial repayment will be limited so that the net amount remaining due shall not be less than the percentage of the property value that the provider would advance to a new customer in comparable circumstances.

No early repayment or similar charge may be made in respect of the property agreed to be the customer's main residence at the time the lifetime mortgage contract was entered into, but a provider member may charge a customer reasonable costs and expenses for transferring a plan to the alternative property.

In addition to the provisions in 4.1 (2) (b) above, lifetime mortgage products must also meet the following criteria, which should be included in the provider's contract terms:

- Interest rates must be either fixed or, if variable, have a cap fixed for the life of the loan
- The product must have a "no negative equity guarantee" (NNEG) so that, whenever the amount owing to the provider member is to be repaid from the proceeds of sale of the secured property, the amount owing must not exceed the net proceeds of sale (after deduction of selling agents' fees, legal fees, disbursements and reasonable costs). Provided the property is sold for the best price reasonably obtainable, the provider member shall accept the net proceeds of sale in full and final settlement of the amount owing
- If a customer has more than one lifetime mortgage contract outstanding with a provider member, the "no negative equity guarantee" applies to each property individually, so that a member may not seek to recover any shortfall in repayment from the sale of one property, by claiming from the customer, the customer's estate, or the sale, proceeds of any other property
- If a Provider significantly changes the terms of the original loan when arranging a further advance, the Provider should inform the Adviser" at the beginning of the further advance process
- As a matter of best practice, and to avoid the risk of future complaints or disputes, provider members should explain clearly when the NNEG does and does not apply. This explanation should be included in the Key Facts Illustration (KFI) and in the Offer document and may also form part of the provider's Terms and Conditions. The explanation should clarify when the NNEG does apply, for example where the property is sold and there is a shortfall between the proceeds of sale and the amount owed to the Provider, and when the NNEG will not apply, for example where:
 - The customer repays the loan early without selling the property
 - The customer's beneficiaries wish to keep the property after the customer has died or moved permanently into long-term care and intend to repay the loan from funds other than the proceeds of sale

	<ul style="list-style-type: none"> ○ <i>The property is sold, but not at market value</i> ○ <i>The property has not been kept in a good state of repair.</i> <p>Members may wish to note that the term “best price reasonably obtainable” is not the term generally used by professional surveyors, who use the term “market value” in accordance with the rules published by the Royal Institution of Chartered Surveyors. Members may wish to consider whether to reflect the use of the term “market value” in their own literature.</p> <p><i>The criteria set out in provider members’ contract terms cannot be varied unilaterally, either by the provider member, or any person to whom the provider member may subsequently sell the loan or plan, unless the customer is in breach of the terms.</i></p> <p>Should a customer fail to abide by the terms and conditions of the contract entered into, and thereby be in breach of the terms of that contract, the provider may no longer be bound by the terms of the contract and may have the right of enforcement to remedy the breach.</p>
	4.2 Valuations
	<p>4.2 <i>In respect of all products, a valuation must be carried out by a RICS qualified independent valuer who:</i></p> <ul style="list-style-type: none"> • <i>is a current member of the Royal Institution of Chartered Surveyors (RICS) and registered under the RICS Valuer Registration Scheme (RICS VRS);</i> • <i>works in a practice comprising at least two fully qualified RICS members who are also registered under the RICS Valuer Registration Scheme;</i> • <i>works in a practice which carries professional indemnity insurance in compliance with the RICS’s requirements.</i> <p><i>“Any chartered surveyor who is undertaking valuations that fall under RICS Global Standards and the UK National Supplement (the “Red Book”), and this includes valuations for equity release providers, must be registered under the RICS Valuer Registration Scheme. This is a mandatory requirement and registration is subject to annual renewal.</i></p> <p>The onus is therefore on the equity release provider (or its panel manager) to ensure that each individual valuer instructed to undertake valuations on its behalf is RICS VRS registered.</p> <p>In the interests of transparency and good customer service, it is good practice for a copy of the valuer’s report to be given to the adviser and customer.</p>
5.	Certificate of Compliance with Product Standards
	<p><i>5.1 Whenever a provider member introduces a new product, or materially varies an existing product, a Certificate of Compliance with the Product Standards must be completed and submitted to The Council. A copy of the Certificate appears as Appendix B.</i></p>

In assessing whether a variation to an existing product is “material” providers should consider:

Whether the features or options available to the customer under an existing product have changed. Examples include, but are not limited to;

- Adding, offering or changing a cashback option, a free valuation, or a drawdown facility
- Whether the name(s) or description(s) of an existing product have changed. Examples include, but are not limited to, the introduction of a ‘lite’, ‘max’ or ‘plus’ version of an existing product
- Whether the variation imposes a new requirement on the customer, in particular, one that would not meet the existing requirements set out in the Product Standards. An example would be mandatory or contractual repayment of an element of either interest or capital during the term of the plan, as opposed to at its end (which would normally occur due to death or a move into long-term care)
- Whether the varied product still meets the guarantees set out in the product Standards
- Whether any element of the varied product could be detrimental to the customer. “Detriment” might arise if the product were structured in such a way that additional costs could arise during the life of the loan. It could also arise if any element of the product were so complex as to be difficult for a customer to understand. Providers should be aware that the FCA requires firms to ensure that all communications with customers are clear, fair and not misleading, and also that any contract terms which are not in “plain, intelligible language” may be at risk of being judged unfair and therefore unenforceable.

The following variations are not considered material and do not require a new Certificate of Compliance:

- A change in loan-to-value ratios offered for each age
- A change in the maximum loan amount offered
- A change in the range(s) of ages to which a particular product is made available
- A change to the interest rate offered under an existing product.

Customers will be provided with an annual account statement (Requirement of MCOB 9.8.1). One of the required components is to provide details of early repayment charges as well as detailing when they cease to apply, and the circumstances under which they will not apply.

Customers can therefore check when they could switch provider without incurring penalties. We do recognise that there may be appropriate points where switching results in a penalty, but where the customer’s circumstances demonstrate that in the longer term, despite that penalty, they could be better off.

6.	<p>Plans with a drawdown facility</p>
	<p>Throughout the drawdown process, the equity release market aims to ensure money is released to customers, or their appropriate representatives, who can demonstrate comprehension, capacity and make fully informed decisions, whilst in full consideration of their firm's embedded financial crime, vulnerability, data and capacity policies and always adhering to responsible lending rules.</p> <p>While it is important to ensure that the further release of money is appropriate, Providers should recognise that being able to access previously agreed borrowing is central to how drawdown has been designed and sold.</p> <p>Rules 6.1 and 6.2 follow. These are applicable to both provider and adviser members as cohorts in the end to end process and are therefore both in some part obligated to understand the entirety to ensure full understanding of the standards being set.</p> <p>6.1 Members <i>must act responsibly in recommending and releasing drawdown monies to customers by ensuring that customers:</i></p> <ol style="list-style-type: none"> a) <i>meet the benchmarks outlined in an appropriate set of financial crime, vulnerability, data and capacity policies</i> b) <i>are offered a route to support when required e.g. further advice</i> c) <i>have fully understood their effect in relation to accessing monies from a drawdown facility and the costs involved.</i> <p>6.2 Members <i>must proactively:</i></p> <ol style="list-style-type: none"> a) <i>regularly review the effectiveness of frameworks for identifying, capturing and responding to a range of influencing factors at both the point of sale and when additional borrowing decisions are being made</i> b) <i>Look at practical ways to validate that drawdowns are for a legal and legitimate purposes.</i> <p>6.3 Guidance for all members - Members should:</p> <ul style="list-style-type: none"> • Ensure the drawdown process complies with their business' policy for personal sensitive data that explains to customers how this will be recorded, used, stored and shared • Develop a referral process for situations where advice at the point of a drawdown may be necessary and can be provided within the right circumstances. Where such a referral process exists, it should be supported by a policy that sets out how providers and advisers will be updated on the outcome of advice received • Ensure quality assurance is gained through regular testing of the process for drawdowns with the aim to improve customer experience and outcomes. Seek to ensure customers are treated fairly and with empathy and sensitivity to their circumstances • Ensure customers are fully aware of any ongoing potential for liabilities under the taxation and welfare benefits systems in using the facility • Encourage customers to have a Power of Attorney (POA) in place where there is no current provision and to consider third-party access options in the

absence of a POA and have clear policies and procedures in place that allows for additional flexibility while also safeguarding customers.

6.4 Guidance for Provider members – Members should:

Consider the provision of appropriate information to customers throughout the life of the product. For example, providers could consider creating bite-size guides at key points of the customer journey, that are in plain language and cover a range of important topics;

- Consider what and when the ‘triggers’ on drawdown requests would deem it necessary for a direct conversation with customers to be required
- Consider when the ‘triggers’ would give rise to advice to be needed at the point of drawdown and recommend that the customer seeks further advice in such instances
- Consider advising scripts for staff to help identify the potential risks with drawdown activity e.g. coercion, vulnerability, capacity, and the options for referral including financial adviser, solicitor, medical profession or other agencies particularly associated with tax or benefits liabilities, or whether referral under fraud is required
- Consider the collation of appropriate management information (MI) to monitor adviser, customer and third party behaviour which may give rise to concerns, in order that emerging risks, issues and trends can be identified and acted upon.

6.5 Guidance for Adviser firms – Members should:

- include the drawdown facility on the ‘Checklist for Advisers’ and have robust and comprehensive information contained within the ‘Suitability’ report
- contact all customers who are referred to them for advice by provider members with the aim of qualifying the need for advice. The outcome of this contact (whether advice was provided or not) should be shared with the provider subject to customer consent
- Ensure that all customers entering into a drawdown plan understand the need to manage their cash reserve responsibly
- Have in place reasonable checks to highlight any past or present customer circumstances which suggest that such a facility is no longer in the customer’s best interests.

6.6 Management Information (MI).

The following non-exhaustive list sets out appropriate MI that member firms should consider implementing to monitor the quality and performance of their drawdown processes:

- Customers not using the drawdown facility
- Customers not using the drawdown for the intended purpose
- A change in behaviour in using the facility (e.g. rapid use of the drawdown facility; large amounts being drawdown; drawdowns requested with a considerable time elapsed since initial advance)

- Customers who have little or no drawdown funds remaining
- Number of customers being referred for support, mental capacity, coercion, advice, legal advice and the outcome
- Early repayment/product switches.

Where possible firms should share this information with the Equity Release Council to inform future revisions to the Drawdown Standards.

6.7 Triggers and Considerations.

The following set of factors which should be considered at the initial point of sale, and thereafter, may 'trigger' the need for additional conversations or further referral as outlined in the guidance above which will vary on a case by case basis as circumstances dictate.

The following list sets out some of the main elements of activity that may emerge. It will be for each firm to decide how the combination of individual circumstances should be treated, recognising that in some instances either the provider or the adviser would simply not be aware due to differing touch points pre and post-sale. It is also recognised that not all factors included in this list indicate a risk and that the list is non-exhaustive.

Indicator	Considerations
<p>a) A change in circumstance</p> <p>Could be an indicator of emerging or heightened vulnerability such as reduction/loss of income, savings, commitments, bereavement and existing debt</p>	<p>Identified through conversation at point of sale and further drawdown which may potentially be unaligned to the customers original plans</p>
<p>b) The period which has elapsed since the original advice</p> <p>Could be an indicator that the customer has not fully understood the implications of the original contract, or possibly not been advised correctly or is being subject to some coercion by a third party</p>	<p>Identified through contact and the use of MI. More discussion with the customer would help narrow the field of understanding purpose and ongoing understanding</p>
<p>c) The purpose of the drawdown</p> <p>Dependant on the reasons given some might conflict with the provider's terms (e.g. for investment purposes) whilst others are for very valid reasons which the product was designed to support</p>	<p>The reason alone might not be an indicator but sometimes when twinned with other factors it will identify potential vulnerabilities. Examples could include:</p> <ul style="list-style-type: none"> • more or new debt;

		<ul style="list-style-type: none"> • gifting to a charity; • no obvious purpose and not intended to be used soon; • for a third party; • customer(s) is facing other challenges (such as divorce/separation) themselves or supporting family members
	<p>d) The Amount of the Drawdown</p> <ul style="list-style-type: none"> • The drawdown is more than the initial advance • The drawdown is more than 50% of the total lending • The frequency is unusual 	<p>It is recommended that appropriate steps are taken to monitor frequency and reasons in line with the suite of policies that cover financial crime, vulnerability</p>
	<p>e) A Power of Attorney is acting</p> <p>A Power of Attorney was not involved in the initial plan set up or has been appointed after the initial advance and may not have received advice</p>	<p>There is a potential risk that even with the best interest in mind; the Attorney may not necessarily be armed with enough information to make a sound decision.</p> <p>Options include discussing and potentially sharing the original suitability report and the Key facts illustration, and the Attorney taking financial advice themselves to equip them with the same level of information as to the original customer.</p>
	<p>f) Known or perceived vulnerability, capacity or coercion issues:</p> <p>These may have been reported at point of sale or identified with ongoing contact,</p> <p>And in some cases, it would not be prudent to continue with the drawdown request. However, where it is identified that there is a vulnerability or other issue, it may be necessary to refer to relevant sources of support.</p>	<p>These issues should be backed by a comprehensive set of policies that address aspects including where a customer:</p> <ul style="list-style-type: none"> • requires help to hear, read or understand important information; does not speak English as a first language; • is in financial difficulty or hardship; • has had a significant change in circumstances, e.g. bereavement, divorce, redundancy or unemployment; • is unable to recollect previous borrowing; • has dementia or other health issues that is impacting their understanding;

		<ul style="list-style-type: none"> • due to a life event is distressed or confused; • is acting without the knowledge of a joint customer; • is under the influence or coercion by a Third Party; • has been the victim of a fraud or scam.
7.	Checklist for advisers	
	<p data-bbox="280 584 660 618"><i>7.1 Checklist for Advisers</i></p> <p data-bbox="280 656 1410 723"><i>7.1 Adviser members are required to use the Checklist for Advisers which is set out at Appendix C.</i></p> <p data-bbox="280 757 1342 891"><i>Each of the points contained in the Checklist should be fully covered. Adviser members must ensure that the customer is provided with a copy of the Suitability Report referred to in Point 14 of the Checklist and obtain confirmation that the customer has received it.</i></p> <p data-bbox="280 925 1382 1025">The Checklist is designed to help ensure that no significant points are omitted when advising customers on equity release products, or when preparing the information to be provided to them in the Suitability Report.</p> <p data-bbox="280 1099 564 1133">7.2 Suitability Report:</p> <p data-bbox="280 1167 1410 1267">7.2 The Council considers that it is best practice to give a customer seeking advice on equity release a written record of their advice and recommendation. This is referred to in these Rules as “the Suitability Report”.</p> <p data-bbox="280 1301 1394 1402">FCA MCOB rules require that the adviser retains a copy of a record explaining the reasons for recommendation (considered here as the Suitability Report) for at least 3 years.</p> <p data-bbox="280 1435 1394 1503">Whilst the FCA rules require a 3 year retention period, members may find it helpful to retain records for a longer period, if the lending product is still open.</p> <p data-bbox="280 1536 1394 1704">The Council also considers it very important that the customer should signal receipt and acceptance of the Suitability Report. The method by which firms present the information required in a Suitability Report, and by which they seek confirmation from the customer that the information has been received, may vary from firm to firm according to their sales practices and the channel chosen by the customer.</p> <p data-bbox="280 1738 1410 1839">Some firms may choose to provide the Suitability Report in written format. Others may choose to send a written follow-up letter to confirm information which may have been given over the telephone or on-line.</p> <p data-bbox="280 1872 1394 1973">Some may be content to rely on recordings of telephone conversations to provide the necessary evidence that the required information has been given. Whatever process is adopted, firms should bear in mind the need to ensure that:</p>	

	<ul style="list-style-type: none"> • A record of the information provided is kept, so that it can be clearly demonstrated that each of the points contained in the Adviser Checklist has been fully covered • Where information is given over the telephone, the identity of the customer being spoken to has been verified • Where there are joint applicants, each has been given the required information • Records are kept in such a way that they are easily retrievable, and an effective audit trail is maintained • All methods and systems are assessed for their vulnerability to fraud or error. <p>As a matter of good practice, the customer should be sent or offered a record of the information provided, for their retention. It is up to firms to decide the most appropriate format in which to provide/offer this.</p>
8.	<p>Independent Legal Advice</p>
	<p>For the purposes of this section, all references to “Solicitor” shall be taken as meaning “or Barrister, or Licensed Conveyancer or Chartered Legal Executive.” Any such Solicitor must hold a current Practising Certificate and have the benefit of appropriate Professional Indemnity Insurance.</p> <p>The independent legal advice provided should include (but is not limited to) the risks and rewards associated with the equity release product recommended by the Adviser and also the customer’s ongoing obligations under the contract. The legal advice given should not include any financial advice or comments about the suitability of the product.</p> <p>These Rules are therefore intended to ensure that there is always clear evidence that full legal advice has been given, and at least one face-to-face meeting takes place between the customer and a Solicitor, whether that is a Solicitor from the firm which is advising the customer (“the Advising Solicitor”) or another Solicitor acting under written instructions from the advising firm as its agent (“the Agent Solicitor”).</p> <p><i>This evidence is provided in the form of the Solicitor’s Certificate which must be signed, both by the Advising Solicitor and by the customer (see Rule 8.5 below).</i></p> <p><i>Whether the face-to-face meeting is conducted by the Advising Solicitor or an Agent Solicitor acting on the Advising Solicitor’s instructions, it remains the responsibility of the Advising Solicitor to complete and sign the Solicitor’s Certificate.</i></p> <p><i>Amongst other things, the Solicitor’s Certificate, which appears as Appendix D to these Rules, includes the following declaration:</i></p> <p><i>“I confirm that I am acting independently of [name of independent financial adviser] and [name of Provider/provider], and that I have acted and advised in the best interests of my customers and complied with all relevant obligations within either:</i></p> <ul style="list-style-type: none"> • England & Wales: The Solicitors Code of Conduct 2011 (as amended); or

the Handbook published by the Council for Licensed Conveyancers

- The Code of Conduct issued from time to time by CILEx; and any practice rules or guidance issued by the Bar Council of England and Wales
- Scotland: The Solicitors (Scotland) Standards of Conduct, which are contained in Rule B1 of the Law Society of Scotland's Practice Rules 2011 (which came into effect on 1 November 2011) and any practice rules and guidance issued by the Faculty of Advocates
- Northern Ireland: any practice rules or guidance issued by the Law Society of Northern Ireland; any practice rules and guidance issued by the Bar Council of Northern Ireland.

and in all cases, the Rules and Guidance issued by the Equity Release Council and the guidance notes which accompany this Certificate of independence of the Advising Solicitor.

The Council is aware that the advising solicitor may also be part of the same group as the advising financial adviser, under common ownership.

The Council expects that, in such circumstances, the advising solicitor will be completely open with the customer as to the common link with the financial adviser, and will adhere to his or her discrete professional code of conduct, requiring him or her to act independently and in the best interests of the customer at all times, ensuring that any conflict of interests are transparent and properly managed.

Provision of advice to persons acting as Attorneys on behalf of customers:

Any person who is acting as Attorney or Deputy for the customer in the equity release plan must also receive independent legal advice as if he or she were the customer.

8.1 Meeting the customer - requirement for a face-to-face meeting before completion of the initial contract

8.1 It is essential that the Advising Solicitor, or an Agent Solicitor, should meet the customer (and (if applicable) the Attorney or Deputy) face-to-face which, for the avoidance of doubt requires a physical meeting rather than reliance on skype, facetime or other electronic or telephonic means of communication, in order to satisfy the requirements set out in Rule 8.4 below. It remains the responsibility of the Advising Solicitor to sign off the Solicitor's Certificate.

The Advising Solicitor will report to the customer, setting out the legal risks and rewards of proceeding, based on the offer which has been issued by the provider. This report will ideally be sent to the customer in advance of the meeting between the Solicitor and customer, to allow the customer time to read it and consider any points which need to be clarified.

Where the customer is temporarily living outside the UK at the time the equity release contract is entered into, the Advising Solicitor must be registered with the appropriate

<p>jurisdiction in the UK but may instruct an Agent Solicitor outside the jurisdiction. It will remain the responsibility of the Advising Solicitor who appoints the Agent Solicitor to satisfy itself that said Agent Solicitor is appropriately qualified and registered.</p>
<p>8.2 Marketing Costs</p>
<p><i>Solicitors may pay periodic contributions towards the marketing costs of intermediary firms in return for non-specified numbers of referrals, provided such payments are not calculated or aggregated on the basis of the number of cases referred. Solicitors must inform the customers in writing of the amount and frequency of any financial arrangement, including marketing contributions, when issuing customers case documentation at the outset.</i></p> <p>The Council acknowledges that Solicitors may pay periodic contributions to intermediary firms. These are generic payments, designed to publicise the law firm's services in the hope of receiving a non-specified number of referred customers. Solicitors must not therefore make any payment or give any other consideration to an intermediary firm on a case-by-case basis, regardless of the regulator's own rules in this respect.</p>
<p>8.3 Requirements of the Solicitor who meets the customer</p>
<p><i>8.3 The Solicitor (whether this is the Advising Solicitor or the Agent Solicitor) who meets the customer face-to-face is required:</i></p> <ul style="list-style-type: none"> <i>(a) to witness the customer's (or Attorney's) signature on any documents which are required to be executed as deeds</i> <i>(b) to verify (insofar as they are reasonably able to, acting with all due diligence)</i> <ul style="list-style-type: none"> <i>i. The customer's (or Attorney's) identity and signature;</i> <i>ii. That the customer(s) (or Attorney/s) has(have) sufficient mental capacity to enter into the equity release contract;</i> <i>iii. That the customer(s) (or Attorney/s) is(are) not under any duress or undue influence to enter into the equity release contract;</i> <i>iv. That, in the case of joint customers (or Attorneys), each agrees to enter into the equity release contract; and</i> <i>v. That, in the case of the equity release contract being entered into by an Attorney on behalf of a customer, the Power of Attorney or Deputyship Order under which the equity release contract is to be made is valid and correctly executed.</i> <p>In relation to 8.3 (b) (iii) above, the Solicitor who meets the customer(s) face-to-face would not normally expect any other person to be present. In particular, the customer should receive independent advice in the absence of any intended or potential beneficiary, to avoid any duress being exerted by such a person on the customer(s).</p> <p>There may be circumstances where it is reasonable for a person who is not a beneficiary of the proposed equity release to be present in order to assist a customer. Such circumstances might include, for example, where a customer requires help to hear or understand what is being said or does not speak English as a first language and requires assistance from an interpreter.</p>

	<p>In any circumstances where a third party is present, the Solicitor should satisfy him- or herself that this is at the request of the customer, that the request is reasonable, and that the third party's presence and purpose in being present is clearly documented.</p>
	<p>8.4 Acting as an Agent</p>
	<p><i>8.4 Where the Solicitor who meets the customer is acting as the Agent of the Advising Solicitor, he or she must act in accordance with the written instructions issued by the Advising Solicitor and highlight any concerns to the Advising Solicitor following the meeting with the customer. As such, the Advising Solicitor must outline the requirements in 8.3 i - v above to the Agent Solicitor and request confirmation that each element has been satisfied.</i></p>
	<p>8.5 Solicitors Certificate</p>
	<p><i>8.5 A Solicitor's Certificate, signed by both the Advising Solicitor and the customer, must always be in place before an equity release contract can be completed, thereby providing confirmation that the advice referred to above has been given. The Certificate confirms that the Advising Solicitor has drawn the customer's attention to the risks of entering into an Equity Release product.</i></p> <p><i>Other circumstances where independent legal advice may be advisable</i></p> <p>As stated at the start of this section, the requirement for customers to receive independent legal advice applies before completion of the initial transaction takes place.</p> <p>In relation to home reversion plans, further releases are to be treated as new plans and it therefore follows that fresh independent legal advice should always be given before such a release is made.</p> <p>With regard to lifetime mortgages, where additional sums may be withdrawn over a period of time ("drawdowns") and are part of the initial contract, these will have been part of the original advice/planning process and will have been subject to the initial independent legal advice. It is not therefore considered necessary for further legal advice to be given in respect of such drawdowns in most circumstances.</p> <p>The Council acknowledges that there are arguments both in favour of and against requiring independent legal advice to be given in every case where customers seek to release further equity. It has concluded that it would not be appropriate to make this a requirement in every case, but that Providers should make their own decisions, having regard to a number of factors and circumstances.</p> <p>The non-exhaustive list complements the points made within section 3.3 Customer Vulnerability and sets out some of the main factors which should be considered:</p> <ul style="list-style-type: none"> • The amount of the further advance in relation to the initial contract, for example • The further advance is larger than the initial advance; or • The further advance, together with the initial advance, would take the LTV of the combined loans above a percentage specified by the Provider in its Responsible Lending Policy

- It may be that the cost of seeking additional legal advice would be disproportionate to the amount being sought by the customer, if this is relatively small
- The period of time which has elapsed since the original contract was entered into
- if the period of time is significant, it may be advisable for the customer to receive further independent legal advice to ensure they fully understand the implications of the new contract
- Equally, however, if the period of time which has elapsed since the contract was entered into is relatively short, this could indicate either that the customer had not fully understood the implications of the original contract, or had not been properly advised, or could be subject to some coercion by a third party
- Whether there have been any significant changes to the customer's circumstances such as:
 - the death of one party
 - a move to another property
 - divorce and/or remarriage or co-habitation
 - a member of the family or a friend coming to live with the customer(s) (son/daughter/grandchild/other family member/friend/companion)
 - any significant change to the customer's physical or mental health
 - a Power of Attorney having taken effect since the original application
 - a family member or professional carer attending regularly to give care, or living in the property and what, if any, access to/control over the customer's financial affairs such a person might have
 - the provider/adviser is made aware of particular circumstances which are peculiar to an individual customer
 - any other issues of which the provider and/or firm providing the independent legal advice is aware which could affect the customer's circumstances or capacity which may not be addressed sufficiently by the financial advice which will be given in connection with the further advance.

It will be for each provider and adviser to decide how much weight needs to be given to any of the above in the individual circumstances.

Where any factor appears to be significant, or more than one factor applies, consideration should be given to whether it would be prudent to recommend to the customer that further independent legal advice is taken.

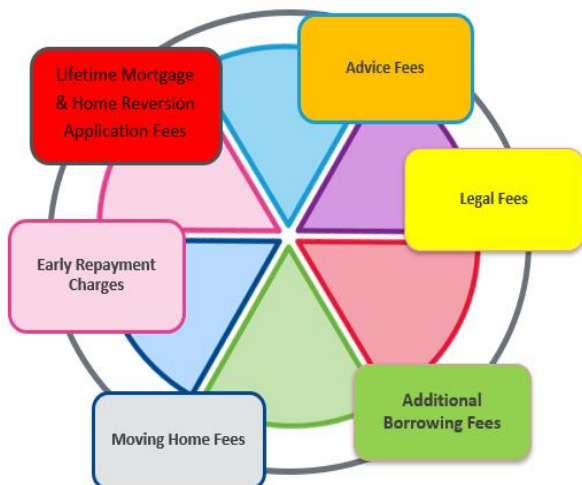
In some cases, providers and advisers may consider that it would not be prudent for them to continue with the case unless they had made such a recommendation. In all cases where further independent legal advice is deemed necessary a new Solicitor's Certificate should be completed prior to the further release or further advance proceeding.

9.	Complaints
	<p>The ERC can only investigate complaints against firms who were members of the ERC (or its predecessor SHIP) at the time the alleged breach took place.</p> <p>ERC members should have the opportunity to fully respond to complaints, and where possible put things right, before the Council considers them. If someone has a complaint about one of our members, they must firstly complain to the member concerned, using that member's published complaints procedure.</p> <p>Where the complaint concerns a lifetime mortgage or home reversion plan, or the advice received during the sale of the plan, complaints should normally be referred first to the provider or adviser firm concerned.</p> <p>Where the complaint concerns the advice or service provided by a solicitor or surveyor, it should be pursued first with the professional firm concerned and, failing an acceptable resolution, with the appropriate regulatory body, depending on the type of firm being complained about.</p> <p>The person bringing the complaint should demonstrate that the member has broken the ERC (or its predecessor organisation, SHIP) rules and guidance in place at the time of the alleged breach occurring.</p> <p>It is very important that the person complaining can also demonstrate that detriment has been caused as a result of the member's or ERC's actions. This detriment could include both financial and non-financial detriment which typically covers distress, inconvenience, pain, suffering or damage to reputation. The complainant should explain to us the impact that the actions of the member/ERC have had on them.</p> <p>There are also a number of important qualifying criteria and relevant time limits to consider when making a complaint, and these are summarised within The Council's Complaints and Disciplinary Process which can be accessed at:</p> <p>https://www.equityreleasecouncil.com/documents/complaints-and-disciplinary-process/</p>
10.	Use of the Council's Logo
	<p>10.1 Whilst it is entirely a matter for each member to decide whether or not it wishes to display the Council's logo on its literature and websites, The Council is naturally concerned to ensure that non-members do not seek to pass themselves off as members when this is not in fact the case.</p> <p>10.2 The Council is aware that there are some websites which show the Council's logo, but which are not the home websites of Council members. In some cases, the site showing the Council's logo may be linked to a genuine member, but this is not always clear.</p> <p>The Council therefore asks members to ensure that, in order to avoid misuse of the Council's logo, and to avoid the risk of confusing or misleading potential customers, any website with which they are linked, or through which they accept business, and</p>

	<p>which shows the Council's logo, should explain clearly and prominently how it is linked to a Council member or members.</p> <p>This will enable customers to check the list of members on The Council's website and reassure themselves that they are dealing with reputable firms and sources of information about equity release.</p> <p>10.3 Members are also reminded that The Council issues each new member with a copy of the "Terms and Conditions for use of the Equity Release Council's Logo" when they join The Council. The current version of the Terms and Conditions is available in the "Documents" section of the Members' website.</p> <p>10.4 The Council encourages the use of the Council's logo, on press releases, members' product and marketing material, websites, and other appropriate business collateral.</p> <p>Membership of The Council should enable the member to demonstrate adherence to a wider set of Council Standards, than the non-member, and the Council logo can therefore act as a "Kite-Mark" to help customers understand when they are dealing with a member.</p>
<p>11.</p>	<p>Member subscriptions</p>
	<p><i>11.1 All subscriptions and fees will be fixed by the Main Board and that Board will have the power in cases where it should think sufficient, to waive all or any part of the subscription or fees, or any arrears thereof due from a member.</i></p> <p><i>11.2 The subscription and fees levels will be set by the Main Board at two-year intervals, but the Board reserves the right to review and amend rates of subscription at a shorter interval if deemed appropriate</i></p> <p><i>11.3 The subscription year for each Member will run for no less than a period of 12 months from the first day of the month following the date on which the Member's first subscription is credited to the bank account of the Council or from such other date as the Board or Executive may determine in respect of any particular Member or group of Members (i.e. joining date 23rd June 2019 – renewal date 1st July 2020</i></p> <p><i>11.4 Any Member who fails to pay their subscription within three months of it falling due may be excluded from membership, unless the Board or Executive determines otherwise. If excluded that Member shall cease to have any rights or privileges of membership and must return any certificates or cards or any other relevant materials denoting membership to the Council. Such a member shall remain liable to the Council for the amount due unless the Board directs otherwise and in association with Article 34 of the Articles of Association.</i></p> <p><i>Notices</i></p> <p><i>11.5 Any Notices for payment or otherwise formally served by the Council are permitted to be served by electronic, post or other means and will have been deemed to have been served at the expiration of an appropriate timescale for the method of transit and there being no proof that failure of such Notice being received is available.</i></p>

12. Fees & Charges

The Council expects that all Members will be bound by the FCA’s rules on excessive charging which are set out within MCOB 12.5.



There are a number of charges that can be incurred during the lifecycle of an Equity Release product. The following section which has been designed as a customer facing document sets out, in high level terms, the types of charges that a customer might incur throughout the lifetime of the product. It is felt appropriate to include this in full within this Standards document.

Lifetime mortgage plans will have a rate of interest charged on the amount of money released which will include the initial advance and any further borrowing.

Typically, this is added to the loan balance as ongoing repayments are not expected to be made on equity release plans. The rate of interest will be clearly explained in the personalised illustration supplied to all customers during the advice process.

You can ask your adviser for a personalised illustration or further information on costs and charges associated with Equity Release plans

Please note that these are typical fees for guidance purposes, and they will vary depending on the Provider, Advisory Firm, Legal Firm and type of Equity Release plan recommended

Lifetime Mortgage & Home Reversion Application Fees	What is it for?	When Payable?	Possible Fees	Further Information
Application Fees.	This covers the cost of setting up the plan and the fee can vary. Please ask your adviser for a ‘Key Facts Illustration’ from the provider for specific charges.	The fee can be added to the loan (Lifetime Mortgage), deducted from the loan (Lifetime Mortgage) or it may be	Ranging from £0 to £950 at the discretion of the provider.	Please note that fees added to the loan (Lifetime Mortgage) will usually attract compound interest. (If applicable to that product).

		possible to pay the fee directly to the provider. For Home Reversion plans it can be deducted from the cash release or paid directly to the provider if applicable.		
Valuation Fee	<p>The Provider will arrange for a RICS qualified valuer to value your home. This is to assess the market value of your property, to make sure that it is suitable for lending purposes.</p> <p>The valuation report that is prepared for the Provider is not a detailed survey. The person who inspects your property will be a qualified member of the Royal Institution of Chartered Surveyors.</p>	Check with your adviser what the fee will be and please note that any valuation fees paid at the application stage may not be refundable if your application does not complete.	<p>The fee for this valuation inspection will be set according to the Provider's valuation fee list. Some Providers may drop this fee on completion of your application.</p> <p>The valuation fee is calculated by the Provider based on the estimate of the value or purchase price of the property and will range from around £150 up to around £3,000 inclusive of VAT.</p> <p>Many Providers are currently waiving this fee.</p>	The valuation report that is prepared for the Provider is not a detailed survey. If you are buying a home you are advised to pay for your own independent survey report. That will detail the overall condition and point out any essential repairs and maintenance that needs to be done.
Re-inspection fee	You will have to pay this if the valuer has to make another visit to your property.	It can be deducted from the loan before the funds are transferred or can be paid in	The amount you will have to pay will depend on the Provider's charges and	

		advance of the re-inspection.	on the value of your home.	
Telegraphic/Funds Transfer Fee	This covers the cost of transferring the funds to your solicitor once the loan is complete.	This fee varies depending on the provider. Some providers don't charge this fee.	Providers will charge £0 up to £35.	If applicable this fee is payable at the time of completion and will be deducted from the funds before they are transferred.
Further fees that you could incur	Asking for Duplicate Statements. Copy of the Agreement or Deeds. Part sale of land, Upgrade ground rent or service charge.			

Advice Fees	What is it for?	When Payable?	Fees	Further Information
Financial Advice	To take out a Lifetime Mortgage or Home Reversion plan you must take financial advice. Your adviser will take account of all your personal circumstances and make a recommendation based on the results of those discussions. They will provide you with a personalised Key Facts Illustration and a Suitability Letter confirming your requirements and their recommendation.	This fee is to cover the costs of the advice, Key Facts Illustration and Suitability Letter. It's usually paid when your application for the loan is completed. Please ask your adviser how they get paid for their work and when any advice fee is payable before you take advice.	Advice costs vary. Some advisers charge a flat fee and some charge a fee based upon a percentage of the amount you borrow.	There is no charge to access your cash reserve/cash facility. However, you may have to pay for further advice if you take out a new loan.

Legal Fees	What are they for?	When Payable	Potential Fees	Common Additional Costs
<p>Legal Fees:</p> <p>Solicitors will charge a fee for their advice, disbursements and VAT</p>	<p>Taking out a Lifetime Mortgage or Home Reversion plan will include at least one face-to-face meeting with an independent solicitor. They will ensure that you completely understand the product which has been recommended to you by your adviser giving you the confidence to make an informed decision. They complete the legal conveyancing, help with the process from offer to completion, and will liaise with the Provider's solicitor on your behalf.</p>	<p>Fees can be payable when the plan is completed. Some Solicitors will not charge a fee if your application does not complete</p>	<p>A Solicitor will charge a fee + other costs and VAT. This can vary between £600 to £1,000 depending on your individual circumstances. Ask a Solicitor for a quote before you instruct them to work on your behalf.</p>	<p>Telegraphic Transfer Fee.</p> <p>Land Registry Fee.</p> <p>Occupier Waiver.</p> <p>Leasehold Property.</p> <p>Removal of Restrictions.</p> <p>Transfer of Equity.</p> <p>Unregistered Title.</p> <p>Home Visit (If required).</p>

Additional Borrowing Fees	What fees are payable	When Payable	Sample Fees	Further Information
<p>For Lifetime Mortgage: Additional Borrowing is where you want more funds that were not agreed at the time of your application. For example, no provider charges a fee to access the agreed cash facility or to take the agreed amount in several chunks over a period of time (drawdown). However, additional borrowing is a further amount of money on top of</p>	<p>An application fee covers the costs of setting up the additional loan.</p> <p>You will have to pay for an independent revaluation of your home and the cost is dependent on the value of your property.</p> <p>You will have to pay for a satisfactory valuation and possibly an arrangement fee.</p>	<p>Application fees can be added to the amount you borrow or paid directly to the provider.</p> <p>The valuation fee is not refundable and is paid when you apply.</p> <p>A valuation fee is payable on application and the arrangement fee can be payable at completion (if applicable).</p>	<p>The revaluation fee will depend on the value of your home at the time. Charges vary between providers. Ask your adviser to provide a Key facts illustration to confirm all charges involved in releasing more equity from your home.</p>	<p>Some providers will ask you to take further legal advice and some won't. Please ask your adviser for confirmation.</p>

<p>the amount originally agreed. The Provider will treat this as a new application.</p> <p>Home Reversion Plans: where less than 100% has been released typically subject to a minimum property value of around £100,000 a further minimum release is possible.</p>				
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Moving Home Fees	What are they for?	When Payable	Sample Fees	Further Information
<p>It is possible to move home and transfer your Lifetime Mortgage.</p>	<p>If you move home, you may be able to transfer your Lifetime Mortgage assuming the new property meets the providers lending criteria at the time. However, you will need to complete a new application form and pay all costs and charges. Whether or not you can move home will depend on whether there's any money left over after your home is sold and the existing plan is paid off. If there isn't any money left over (because house prices have fallen and/or because of the interest charges that have accumulated, you may not be able to move.</p> <p>If you are in a position to move home the provider may instruct an independent valuer to value your new property.</p> <p>If you do move home, the provider may require you to repay a part of the original amount owed if that total amount is more than the amount they would agree to</p>	<p>You will have to pay all the fees, for example, the Valuation Fee, a Property Transfer Fee, all legal fees and any moving expenses.</p>	<p>Lifetime Mortgage and Home Reversion providers charge different fees and they available on request.</p>	<p>If you move home and the provider does not give permission, for example if the new property is not acceptable to them, you must repay the total amount owed and you may have to pay an Early Repayment Charge.</p>

<p>Moving Home with a Home Reversion Plan</p>	<p>lend to a new customer (of equivalent age).</p> <p>If you wish to move home and transfer your existing Home Reversion Plan to a new property you will have to pay a moving home fee. It is payable on application and is non-refundable. It covers administration costs associated with the application.</p> <p>You pay all costs relating to the sale of the original property and to buying the new property. This includes the providers solicitor's fees, your own solicitor's fees, disbursements, any costs resulting from you taking financial advice, any selling agent's fees and Stamp Duty Land Tax (if any).</p>			
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Early Repayment Charges (Lifetime Mortgage)	Types of Charges	Charges	When Payable	Additional Information
<p>There are three possible early repayment charges with Lifetime Mortgages.</p> <p>An Early Repayment Charge covers the amount it costs providers to recover the set up costs if the lifetime mortgage is repaid early</p> <p>The FCA has prescribed within statutory legislation requirements for how Early Repayment Charges should be</p>	<p><u>1 Variable Charges:</u></p> <p>The Early Repayment Charge will vary according to your age(s) at the time of repayment. It will reflect any change in interest rates.</p>	<p>Variable charges can range from 0% to 25%.</p>	<p>Your lifetime mortgage is designed to be repaid when you (or both of you if there are 2 applicants) have died or leave your home because you need long term care. If you repay your lifetime mortgage earlier for any other reason you may have to pay an early repayment charge.</p>	<p>Some providers include a protection plan which allows you to avoid early repayment charges if you move home. Please ask your adviser for specific details in relation to early repayment charges.</p> <p>Some providers have a 3 year window, where the Early</p>

<p>set out and communicated.</p>	<p><u>2 Fixed Charges:</u></p> <p>If the lifetime mortgage is repaid during a defined period typically, 8, 10 or 15 years from the date of the loan you will have to pay an early repayment charge. The rate is specified by the provider in the Key Facts Illustration provided and in your offer letter.</p> <p><u>3 Defined Charges:</u> Combination of fixed and variable over 10 years.</p> <p>As an example, a provider might charge a fixed amount for a set number of years and then switch to a variable charge, for an additional number of years</p>	<p>The Fixed charge is a percentage. However please note that this charge can be a percentage of the initial loan or a percentage of what you owe at the time you wish to repay early.</p> <p>The Defined Charge is guaranteed to be no more than a prescribed percentage of what you owe at the time you want to repay the Lifetime Mortgage.</p>	<p>Repayment Charge does not apply, in the event of first death/long-term care for a joint application.</p> <p>These might apply to all three types of Early Repayment Charge</p> <p>Please ask your adviser for all the variations with early repayment charges.</p>
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APPENDIX A

**ANNUAL CERTIFICATE OF COMPLIANCE WITH THE RULES & GUIDANCE –
FOR COMPLETION BY ALL MEMBERS**

To: The Chairman, Equity Release Council

Member: [XYZ Firm]

I confirm that for the period [XX/XX/20XX] to [XX/XX/20XX], [XYZ Firm] and its subsidiary firms in the [XYZ Group] ("The Firms") complied where relevant and appropriate with the current version(s) of the Council's Rules & Guidance and Statement of Principles which applied during that period.

I also confirm that the Firm/Firms will continue to comply with the current version of the Rules & Guidance, as it appears on the Council's website.

Signed:

Date:.....

Authorised Signatory, [XYZ Firm]

PRINT NAME:.....

APPENDIX B**CERTIFICATE OF COMPLIANCE WITH THE PRODUCT STANDARDS****Certificate of compliance with Equity Release Council product standards**

Member firm name: _____

Name of product: _____

Variation names: _____
(please list all variations) *e.g. Lite, max, gold, plus etc.***Product information**

Section A – Please tick to confirm which standards this product (and any variations) meets.
(full details can be found within Rule 4.1 of the Council Rules and Guidance).

- | | |
|---|---|
| <input type="checkbox"/> Security of tenure | <input type="checkbox"/> Right to move to a suitable alternative property |
| <input type="checkbox"/> Fixed/capped rate | <input type="checkbox"/> No negative equity guarantee on each individual property |

We confirm that where the product features do not meet all the product standards in **Section A** above, this is stated prominently on all adviser and consumer facing materials, which states explicitly which standards are not met and illustrates the types of risk this may pose to the customer.

Section B – Please tick to confirm which features and options are available with this product

- | | | |
|--|--|--|
| <input type="checkbox"/> Cashback | <input type="checkbox"/> Penalty free payments | <input type="checkbox"/> Gilt linked ERC |
| <input type="checkbox"/> Health enhanced terms | <input type="checkbox"/> Downsizing protection | <input type="checkbox"/> Non-gilt linked ERC |
| <input type="checkbox"/> Drawdown facility | <input type="checkbox"/> Interest payments | <input type="checkbox"/> Protected equity |

- Other – please describe below

Section C – Please confirm by ticking the box below, whether this product meets all the rules (except those of Rule 4.1 already detailed in Section A above) within the Council Rules and Guidance.

If the product does not, meet these rules please specify any shortfalls below.

The product meets all the rules

The product does not meet the following rules

Your name (print): _____

Date: _____

Signature &
position:

APPENDIX C

CHECKLIST FOR ADVISERS

This guide is designed to provide you with direction when you're advising customers on equity release. It covers 14 of the most significant points to consider in the advice process and when you're assessing the customer's suitability for equity release. You should also refer to other industry practice notes for fuller details of the advice requirements outlined in MCOB Chapter 8.

This is not a substitute for carrying out a full Fact Find or providing full advice to your customers on equity release, nor is it a replacement for a Suitability Report. As you will see, the final point (14) asks whether the customer has been given a copy of the Suitability Report and asked to confirm their receipt and acceptance of it.

Customer name:	
1	Have you fully discussed with the customer alternatives to equity release including trading down, grants, use of savings and pension income, financial assistance from any family member and so on – both for the current point in time and how any of these alternatives may be relevant in the future?
2	Have you established or referred for investigation the customer's eligibility for state benefits and the effect equity release benefits may have on them?
3	Have you considered the customer's tax position in making this recommendation?
4	Has the customer been advised to speak to their family and any other material beneficiaries of their Will, and to consult an independent legal adviser?
5	Have you discussed the customer's health and life expectancy and taken into account the effect of positive and negative changes in house values? Have you explained the impact this could have on their Will and estate planning and how any released funds may impact on their ability to fund for later life financial requirements such as long-term care funding?
6	(Prior to any recommendations) have you provided the customer with a fair and balanced overview of the pros and cons of both lifetime mortgages and reversion plans?
7	Are you sure the contract you have recommended is the most suitable lifetime mortgage or reversion plan and have you advised that any other outstanding mortgage will need to be redeemed before the lifetime mortgage contract can be entered into?
8	Have you explained that reinvesting the money released is unlikely to generate returns that will offset the cost of the equity release plan, but if the customer/client is considering it they should seek advice from a suitably qualified and authorised investment adviser.
9	Have all fees and risks associated with the product recommended been fully explained, for example: <ul style="list-style-type: none"> <input type="checkbox"/> Impact of any compound interest; <input type="checkbox"/> Any early repayment charges; <input type="checkbox"/> If reversion not receiving the full market value for the percentage sold; <input type="checkbox"/> If the product is not from an Equity Release Council member and the product does not comply with the Equity Release Council's Statement of Principles, what protections the customer is foregoing; <input type="checkbox"/> That the opportunity to move the mortgage in the future will be restricted to properties

	acceptable to the Provider. This may rule out moving to age-restricted or sheltered accommodation, depending on the Provider's policy at the time
10	Have you reviewed the customer's needs and objectives, future plans and ongoing commitments including moving home? (This includes income requirements as well as property maintenance and insurance.)
11	Have you ensured that the amount released does not exceed the customer's current requirements and is appropriate to their attitude to risk? This includes debt consolidation, if applicable.
12	Have you set out the drawdown schedule anticipated at the point of sale?
13	Has the customer put together a realistic plan for the initial and drawdown funds to be released?
14	Has the customer been given a copy of the Suitability Report, outlining all of the information in 1-13 above, and been asked to confirm their receipt and acceptance of it?
Signed:..... (Adviser) Date:.....	

APPENDIX D

SOLICITOR'S CERTIFICATE: LIFETIME MORTGAGES/HOME REVERSIONS

This must be completed only by a Solicitor, Licensed Conveyancer, Barrister or Chartered Legal Executive in Private Practice who holds a current Practising Certificate, Licence or equivalent and has the benefit of Professional Indemnity Insurance in place which meets the minimum requirements of their respective Regulator.

Type of Contract: Lifetime Mortgage/Home Reversion

Name of Provider/Provider:

Name[s] of Customer[s]/Vendor[s] ("my Clients (s)"):

Property:

(LTM only) Mortgage Account Number:

(LTM) Limit/Amount of Loan/(HR)Percentage Acquired/Amount Paid

1. Certification

I hereby certify that my Client(s) has (have) either:-

Please Tick

Relevant Box

attended my offices or been visited by me (the Advising Solicitor);

or

has (have) visited or been visited by an Agent Solicitor

2. Confirmation if an Agent Solicitor is being used

The name of the Agent Solicitor is (where instructed) [_____] and I confirm and acknowledge that:

(i) notwithstanding the fact an Agent Solicitor has been instructed

[instructed Solicitors] are responsible for the advice given and compliance with the Equity Release Council requirements;

(ii) I have checked the Agent Solicitor has a current Practising Certificate and the benefit of appropriate Professional Indemnity Insurance in place that meets the minimum requirements of their Regulator's Private Practice Requirements.

(iii) The Agent Solicitor has confirmed in writing to me that they have satisfactorily carried out the checks required by Equity Release Council Rule 8.4 together with any other checks I have asked them to carry out.

3. Confirmation of advice

I further confirm that I have explained the terms and implications of the above Lifetime Mortgage or Home Reversion to My Client(s) and in particular I have drawn [his/her/their] attention to the following:

1. [He/She/They] might wish to discuss the matter with [his/her/their] heirs/beneficiaries because repayment of the Mortgage/sale of a percentage of [his/her/their] home will reduce the Estate proceeds on [his/her/their] death[s].
2. (HR only): In the event of [his/her/their] early death[s] [he/she/they] might have received little benefit during [his/her/their] lifetime[s] but nonetheless [his/her/their] Estate[s] would be considerably depleted due to sale of [all/part] of the property under this plan.
3. The amount of State or other benefits to which [he/she/they] may be entitled, either now or in the future, may be reduced as a result of proceeding with this Lifetime Mortgage or Home Reversion.
4. The obligations, including those for ongoing insurance and maintenance of the property, placed on [him/her/them] by the contract.
5. (LTM only): The circumstances in which the Lifetime Mortgage becomes repayable.
(HR only): The circumstances in which the property will have to be sold and how the proceeds of sale will be shared.
6. The (LTM)(E&W and NI) legal charge/(Scotland) standard security/(HR) contract provides [him/her/them] with security of tenure for the duration of [his/her/their] lifetime[s] provided that [he/she/they] comply with the covenants.
7. [He/She/They] [has/have] agreed to proceed with the above (LTM) Lifetime Mortgage/(HR) Home Reversion as being suitable to [his/her/their] requirements, based on advice provided by [the Provider's representative/Independent Financial Adviser X,Y & Co].

Having considered the above, and on the basis of advice given by [Name of Provider/provider, Provider's or provider's representative or Independent Financial Adviser], My Client'(s)(s') wishes (wish) to enter this Lifetime Mortgage/Home Reversion contract.

4. Confirmation of independence of Solicitor

I confirm that I am acting independently of [name of independent financial adviser] and [name of Provider/provider], and that I have acted and advised in the best interests of My Client(s) and complied with all relevant obligations within either:

England & Wales:

- the Solicitors Code of Conduct 2011 (as amended); or
- the Handbook published by the Council for Licensed Conveyancers

Scotland:

- the Solicitors (Scotland) Standards of Conduct, which are contained in Rule B1 of the Law Society of Scotland's Practice Rules (which came into effect on 1 November 2011)

Northern Ireland

- any practice rules or guidance issued by the Law Society of Northern Ireland and in all cases the Rules and Guidance issued by the Equity Release Council and the guidance notes which accompany this Certificate.

5. Confirmation of identity

I also confirm that I am satisfied, insofar as it is reasonably possible to verify in accordance with the said rule 8.3 that the identity and signature of my Client(s) has/have been verified, and my Client(s) has/have sufficient mental capacity and is/are not under any duress or undue influence to enter into the Lifetime Mortgage/Home Reversion Contract.

Advising Solicitor's Name:.....Date:.....

Advising Solicitor's Signature:.....

Advising Solicitor's Firm and Address:.....

.....

Advising Solicitor's Reference:.....

6. Confirmation of receipt of advice by Client(s)

I confirm that I have been given the advice set out in clause 3 above.

Client's Name(s).....

Client's signature(s).....

Date(s).....

Guidance notes for Solicitors on completing the Solicitor's Certificate

The Solicitor's Certificate

You will receive copies of all the literature provided to your client in relation to this transaction. You are required to explain the terms and implications of the plan to your client and, having done so, sign the Certificate. The provider will not complete the transaction until they have received a Certificate which has been signed and completed by both you and your client(s), whereby you confirm that you have drawn your client's(s') attention to the risks of entering into an equity release transaction and your client(s) confirms that he/they has/have been given the advice set out in the Certificate.

Guidance on Independence.

Clients must use a legal adviser who is independent of the provider's solicitor. If you are advising a client in relation to an equity release transaction, the Equity Release Council requires you to consider whether you are independent of the provider firm or the adviser advising the client on the transaction, by following EITHER –

- the Solicitor's Code of Conduct 2011 (as amended) (for transactions which take place in England or Wales); or
 - the Handbook published by the Council for Licensed Conveyancers; or
 - the Solicitors (Scotland) Standards of Conduct, which are contained in Rule B1 of the Law Society of Scotland's Practice Rules 2011, which came into force on 1 November 2011, for transactions which take place within Scotland; or
 - any practice rules or guidance issued by the Law Society of Northern Ireland;
- AND, in all cases
- these guidance notes on the Equity Release Council's Rules & Guidance

Payment of Fees

Whilst you may make payments to an introducer for genuine marketing initiatives, such payments are subject to this guidance. You may not make such a payment, or give other consideration, to a third party who refers clients to you, unless you can show that the payment is wholly unconnected with the referral of any specific client to you. You are therefore not permitted to pay referral fees on a case-by-case basis. Additionally, payments may not be calculated or aggregated on the basis of the number of cases referred.

This also applies regardless of how any referral fee payment (or other consideration) is described if it is connected with the payment of fees on a case-by-case-basis. For example, this would apply to the payment of administrative or marketing fees, payments described as "disbursements" which are not proper disbursements, and panel membership fees. "Other consideration" might include, for example, the provision of services and secondment of staff to the introducer, or an agreement to purchase services or products from the introducer (where such provision or purchase is a condition of referrals on a case-by-case basis being made). For the avoidance of doubt, certain marketing payments which are not connected with payment on a case-by-case basis are permitted, subject to the regulatory obligations of the parties concerned.

If the customer chooses not to instruct their own legal adviser, the adviser or provider (as appropriate) may offer the name of at least one local law firm which has knowledge of

equity release products. The adviser or provider must ensure that no pressure or financial inducement is involved in directing customers to any particular law firm either by them or the intermediaries recommending their products.

Receipt of Payments

If you are acting on behalf of the client, you may not receive payments or other consideration from the adviser or provider if that payment is dependent on the completion of an equity release transaction.