



For immediate release – Tuesday 19 April 2022

Mandatory face-to-face legal advice returns for equity release customers

From today (19 APRIL), all customers considering an equity release product will be required to have at least one face-to-face meeting in person with a solicitor before taking out a plan that meets Equity Release Council standards.

The change marks a return to pre-pandemic requirements and follows a temporary amendment to the Council's rules which has been in place since April 2020. This meant cases could still progress where appropriate and customers could access funds despite successive lockdowns and ongoing social distancing measures.

Independent legal advice is one of the core consumer safeguards in the modern equity release market. All new customers have been required to go through this process since 1991, when the first industry standards were launched. The face-to-face requirement was added in 2013.

With many businesses across all sectors forced to adapt their working practices during the pandemic, the temporary amendment permitted a new process based on a combination of written advice and documented video or telephone calls.

This increased the total number of interactions between customers and their legal advisers, allowing for additional checks to establish the client's identity, mental capacity to enter into a contract and the agreement of all parties involved to proceed with no duress or coercion.

Existing cases which are in progress today and have used this temporary amendment must now be completed by 31 July. All new cases from today must involve an element of in-person, face-to-face legal advice in order to be accepted. Industry data suggests the vast majority of cases in Q1 2022 already involved face-to-face legal advice.

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

"The temporary amendment to our requirement for face-to-face legal advice served its purpose well by protecting customers and maintaining their access to vital funds in trying circumstances.

"The Council's unique ability to bring together firms from across the market helped to identify a practical solution whereby customers were not cut off from money tied up in their homes, which in some cases was key to accessing care services when they most needed them.

"While restrictions have ebbed and flowed during the pandemic, we are hopeful the worst is now behind us. The time is right to return to the default of in-person legal advice while learning lessons about how technology can best support the overall process and customer experience."

Claire Barker, CEO of Equilaw and Non-Executive Director of the Council, comments:

“Independent legal advice is one of the unique distinguishing factors that sets equity release apart from other retail financial services when it comes to customer safeguards and protections.

“Legal firms were able to preserve this important link in the chain throughout the pandemic, despite the adverse operating conditions. Industry collaboration on risk management and sharing of best practice meant we could uphold standards of consumer protection and demonstrate this to lenders and funding partners.

"While face-to-face legal advice remains the gold standard, many uses of technology during the pandemic can continue to benefit customers in the long run. A good example of this is financial advisers using video conferencing to bring family members into conversations about releasing equity or solicitors using online case trackers to liaise with clients."

- ENDS -

Notes to editors

For further information, please contact:

Instinctif Partners at EquityReleaseCouncil@instinctif.com

Phone: Andy Lane, Barney McCarthy or Rosie Cohen +44 (0) 20 7457 2020 at Instinctif Partners

About the Equity Release Council

The Equity Release Council is the representative trade body for the UK equity release sector with almost 700 member firms and more than 1,550 individuals registered, including providers, funders, regulated financial advisers, solicitors, surveyors and other professionals.

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

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