

# Checklist for Advisers

The Equity Release Council has produced a checklist for advisers. It is designed to provide direction when advising customers on equity release. It covers the most significant points to consider in the advice process and when assessing the customer's suitability for equity release.

**Under the Council's Standards all adviser members are required to complete the Checklist for Advisers for all customers where a plan has been recommended and retain the completed document on file.**

Reference should also be made 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 asks whether the customer has been given a copy of the Suitability Report and asked to confirm their receipt and acceptance of it.

Please tick the boxes on the following checklist:

Guidance to support this checklist is available to members. To view it please visit [www.equityreleasecouncil.com/adviser-checklist-guidance/](http://www.equityreleasecouncil.com/adviser-checklist-guidance/)

*NOTE: This document and the best practice guidance document that supports it (appendix E) are designed to give professional financial advisers information and tools that they can use to help control and develop their business.*

*They are not intended for customer use and should not be relied upon by any other persons.*

**Use of these documents is restricted to Equity Release Council Members only and should not be shared with or distributed to non-members.**

Customer name:

1. Have you confirmed that you can advise on equity release products from the Whole of the Market or that you are a Tied or Restricted Adviser? As a Tied or Restricted Adviser, have you clearly explained the limitations and restrictions to your advice?
2. Have you confirmed and agreed with the customer how the service delivered to them will be tailored to meet their needs?
3. 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?
4. Have you established or referred for investigation the customer's eligibility for state benefits and the effect equity release benefits may have on them?

Continued overleaf

5. Have you considered the customer's tax position in making this recommendation?
6. 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?
7. Have you explained the impact equity release could have on the customer's estate planning, including the possibility of negative house price inflation?
8. Have you explained to your customer that they should not release funds to be invested to generate wealth or income, with the exception of being for the purpose of Inheritance Tax (IHT) planning?
9. Have you recommended that the customer review their Will or consider making a Will with a suitably qualified person?
10. If your customer does not have a Power of Attorney, have you recommended that they seek advice from a Solicitor or a Suitably Qualified person?
11. Have you advised joint customers that access to the drawdown facility will be removed in the event of either party losing mental capacity, without a registered Power of Attorney?
12. Have you discussed the customer's health and life expectancy and how any released funds may impact on their ability to fund for later life financial requirements such as long-term care?
13. Have you established if the customer has suffered from physical or mental health problems, a bereavement, divorce, emotional or financial difficulties, literacy, numeracy, or any other traumatic event, that may leave them in a vulnerable position?
14. Are you confident that your customer is entering into a commitment which they fully understand, and they are not being coerced into taking a plan which may not be in their best interests?
15. Are you sure the contract you have recommended is the most suitable lifetime mortgage or reversion plan?
16. If the customer is consolidating unsecured debt, have you explained that they are spreading the cost over a potentially longer term, which although may reduce their monthly outgoings, will result in the overall cost of the debt increasing, if no payments are made? Have you also explained the consequences of replacing unsecured debt with secured debt and/ or debt held in a single name to potentially joint life debt and liability?
17. (Prior to any recommendations) have you provided the customer with a fair and balanced overview of the pros and cons of all later life lending options including lifetime mortgages and reversion plans?

**Continued overleaf**

18. If you are recommending that your customer re-mortgages to secure a new fixed rate of interest or further additional capital, have you completed an analysis comparing the new plan versus their existing plan, including, the implications of any early repayment penalties/charges, set up fees, and any potential positive or negative changes in features and benefits between the two plans?
19. Have you advised that any other outstanding mortgage would need to be redeemed before the lifetime mortgage contract can be entered into?
20. Have all fees and risks associated with the product recommended been fully explained, for example:
- Impact of any compound interest.
  - Any early repayment charges.
  - If reversion not receiving the full market value for the percentage sold.
  - If the product is not from an Equity Release Council member and the product does not comply with the Equity Release Council's product Standards, what protections the customer is foregoing.
  - That the opportunity to move the mortgage in the future will be restricted to properties acceptable to the lender. This may rule out moving to age-restricted or sheltered accommodation, depending on the lender's policy at the time.
21. 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.)
22. Have you set out the drawdown schedule anticipated at the point of sale and explained that future drawdowns are not guaranteed and will be charged at the rate of interest applicable at the time? This should be recorded in your factfind.
23. 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.
24. Has the customer put together a realistic expenditure budget plan for the funds released? This includes making use of drawdown facilities, if applicable.
25. Has the customer been given a Suitability Report, outlining all of the information above?

Adviser Name: \_\_\_\_\_

Adviser Firm: \_\_\_\_\_

Date of Advice: \_\_\_\_\_

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