

## Competency framework

For adviser use only

# Module 6

Know your process



## An introduction



Consumers are demanding more product choice and greater flexibility in later life, which means financial services providers need to expand their offering across the advice spectrum to meet their requirements.

Those who have been providing clients with

advice on equity release and later life solutions appreciate the importance of developing expertise in the field. They also know they must explore all available options when making recommendations. It is this experience and willingness to be forward-thinking that we wanted to harness for these modules. In our industry, it is imperative we are confident the service we provide to consumers is of a consistently high standard.

The need has never been greater. People are living longer lives with diminishing pension savings and increasing financial and social pressures, but they are also recognising how the value of their properties can be used in financial plans. The once entrenched view that property was to be left to a beneficiary has given way, and any residual resistance to accessing the equity it holds is now driven purely by practical barriers.

Property is one of the biggest sources of the nation's household wealth, so it should be an option on every

homeowner's retirement checklist. The aim is, as always, to satisfy the needs of a changing demographic and help to meet the wider challenges of the modern socioeconomic environment in the future.

The competency framework has been produced for guidance and support purposes. It is optional and not a regulatory requirement nor a mandated set of standards for Equity Release Council members or other advisers.

The framework is based on the equity release advice journey and provides an educational syllabus with pathways based on advisers' levels of experience. It is designed to support and guide their training and development by allowing benchmarking of their knowledge and skills, acting as a CPD tool for self assessment, and signposting other materials to support their progress. Individuals and firms have the flexibility to consider which elements are most relevant to them or their business.

I would like to thank those who gave up their time and were willing to spend the best part of 18 months to bring this concept to life.

Finally, I would like to thank Canada Life for its support in sponsoring the production and recognise the superb job it has done in bringing about a style and format that we hope advisers will find easy and enjoyable to use.

**Donna Francis,**

Chief Operating Officer, Equity Release Council

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**In our industry,** it is imperative we are confident the service we provide to consumers is of a consistently high standard.

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The later life lending market has evolved dramatically over the past few years. Not only have we seen more entrants come to market, but the number of products has increased significantly to meet growing demand for equity release. To satisfy this need, it is important

we continue to help the market evolve in a sustainable way, stimulating innovation and growth. This includes educating advisers about how property wealth can work in their clients' portfolios.

Ultimately, it is the industry's responsibility to work collaboratively. At Canada Life, we are committed to supporting the growth of the market by ensuring advisers are well-equipped to give their customers the right advice and help them find the best possible solution.

This competency framework has been designed to encourage advisers to explore the equity release market, and help them make the most of their qualifications. It's through this sharing of knowledge that we can continue to deliver a high standard of advice in the sector and ensure best outcomes for clients.

**Alice Watson,**  
Head of Marketing, Cananda Life

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For the past three years, I have seen exactly how difficult it is for new entrants to the market to gain the skills and knowledge they require to give solid service and advice to consumers. While equity release courses and exams can give you a qualification, it

has always been incredibly difficult for new entrants to 'know what they don't know'.

I was fortunate enough to help create the competency framework documents, and strongly believe they will prove to be vital tools for those who are new to the industry. This is not so much a standalone training guide, but a way for advisers who 'don't know what they don't know' to self-reflect on their skillset and learn what they may not have known was missing.

I am very proud to help introduce such a framework to

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**This is a way for advisers who 'don't know what they don't know'** to self-reflect on their skillset, and to learn what they may not have known was missing.

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the industry and am positive it will enhance industry standards of advice.

**James Sudworth,**  
Adviser, The Equity Release Experts





# The purpose of this competency framework

**A competency framework** is a summarised structure that sets out the knowledge and skills that enable businesses and individuals to effectively develop and fulfil roles within their organisation.

This framework aims to provide an objective way for firms to identify a common understanding of what good looks like. This includes both the competencies required by individuals within their organisations and a way to benchmark them against their training and competence programmes. In turn it will facilitate personal development and career progression for these individuals, allowing everyone to create their own bespoke learning path towards a common goal. If a role holder does not know what is required of them, they cannot measure their own performance appropriately.

This framework is structured around competencies for a specific job role – in this instance, for advisers who are

working, or want to work, in the equity release market. It may also be useful for people working in support roles with and alongside those advisers. Having this framework allows businesses to build a competency profile for each relevant job holder within the organisation.

By breaking down the requirements based on levels of adviser experience, it indicates how the depth of knowledge needs to be developed and disseminated. Put simply, the more experienced an individual becomes, the deeper and broader the knowledge they should have. The journey of learning is a continual drip feed of knowledge relative to that experience.

## How to use this framework

**Consider the framework** like a syllabus. It isn't a textbook, nor is it a programme of learning.

The framework is divided into six modules that contain three learning pathways dependent on experience. It exists to provide a standard reference guide.

The framework is designed to be used primarily by businesses but can also provide high-level guidance for individuals as they define their own learning pathways to keep building successful careers in the later life market.

Business owners or the person responsible for training and development programmes within a firm can use the framework to conduct a gap analysis to benchmark, underline or expose development areas of training against any documented programmes and learning materials that currently exist. This will then allow for materials to fill those gaps to be developed in-house or accessed and supplemented by external education providers and/or materials.

If an individual works alone or does not have access to a dedicated in-house learning programme, it is highly recommended they should link up with an experienced buddy/mentor or supervisor for this exercise to be

successful. To facilitate this, they can talk to their professional organisation, if they are a member of one, or access other accredited bodies that provide dedicated educational support in this area. All of these contacts will be able to challenge self-perceived depth of knowledge and assist in providing a dedicated programme to construct a personal development plan.

When an individual tries to benchmark their own knowledge and experience, it can be hard to gauge the truth and challenge their own perception about what they really know.

Although this framework is not a textbook, it will provide support for research. Each module contains a list of resources that signpost where you can find materials to assist your understanding. Some references may direct you towards educational/professional bodies, simple online research, or to information the Equity Release Council, a market participant, or a third party has produced. If you are a member of the council, you should also look out for technical bulletins that may be issued to support you in your role.

# The three pathways

**Each module** is split into three different pathways, based on experience and the level of knowledge required.

The three pathways are:

- **New to the sector**

At this level, an individual may be working towards the relevant qualification. Or, they may have passed the exam but not yet completed an induction phase to allow them to undertake client-facing activity. Alternatively, they might be working in a non-clientfacing role but want to develop their understanding of the market they support. It would be expected they would have an awareness of concepts, but not yet have the depth of understanding required when giving advice.

- **Advising under supervision**

This would apply typically once an individual has been signed off from an induction programme as ready to undertake client-facing activity under direct and often close supervision. They would be working towards attaining competent adviser status. At this level, they are building up their knowledge and would be expected to have a deeper understanding of concepts and when to apply the logic in a live situation. However, a supervisor would likely still be shadowing and helping to apply that knowledge in different client scenarios.

- **Competent adviser status**

This final level applies when an individual has been signed off by an appropriate person as competent under the relevant training and competence scheme. Advisers at this level would operate with a lower level of ongoing supervision and would be expected to be more knowledgeable and experienced in conducting client-facing activity. They would be expected to apply that knowledge skilfully to a variety of client scenarios. They wouldn't necessarily have all the knowledge and skills outlined in this pathway immediately, but they would be using it to plan their ongoing CPD to build and maintain their competent status.

Whatever the situation, this framework aims to provide the means of assessing and developing knowledge and skills in this sector.

Through all the modules in the framework, the pathways are colour coded so they can be easily navigated. Some aspects of the modules are relevant to everyone at the very outset, and some are unique to certain experience pathways. Individuals can use the relevant pathway as a guide and assess their current knowledge against the standards outlined to build a development programme to suit their needs.



# The modules

**The framework** has been divided into six modules that are designed to be worked through as a suite. Each module has been subdivided into units so that subjects can be digested in bite-sized pieces.

## Module 1

Know your industry



## Module 4

Know your soft skills



## Module 2

Know your market



## Module 5

Know your products



## Module 3

Know your client



## Module 6

Know your process



# Unit 1

## House buying, conveyancing and transfer on death

**This unit covers** property purchases and the conveyance process, including basic principles and terminology.

It also covers contract law and any matters of concern that clients should understand, legal rights and the administration of wills and estates.

Those new to the sector will be expected to have an awareness of basic principles only. Those working under supervision need to understand the correct terminology, as well as both contract law and what happens when equity release is used as part of a purchase. While this is not widely used for equity release, it does occur and is, therefore, something advisors should understand.

Competent advisers need to have a greater depth of knowledge in this area that they can apply to their client recommendations. A lack of knowledge in any one area of the customer journey has the potential to have a negative influence on client outcomes. If you identify a



lack of knowledge of the legal procedure, it is advisable to develop an understanding of how a solicitor would approach the issue. This will help to ensure the adviser and client are as prepared as possible. Many solicitors offer education programmes or one-to-one sessions to enable you to gain as much information as possible.

New	Supervised	Competent	
			<b>Basic principles of home buying/selling and transfer on death</b> <ul style="list-style-type: none"> <li>• How a property can be purchased or sold, such as at an auction or through an estate agent</li> <li>• Planning consents and building regulations</li> <li>• Wills and intestacy, including the inheritance of properties</li> </ul>
			<b>Basic terminology, rules and processes in house buying and selling</b> <ul style="list-style-type: none"> <li>• The roles of and processes followed by estate agents and surveyors</li> <li>• Steps within the conveyancing process</li> <li>• The rules, taxes and levies that may be involved during a conveyancing transaction, including calculation methods</li> <li>• The difference between holding a property as tenants in common or joint tenants</li> <li>• The difference between registered and unregistered properties and the triggers for registration</li> </ul>
			<b>The law of contract, the mortgage and/or equity release contract and their application</b> <ul style="list-style-type: none"> <li>• Requirements for a valid contract</li> <li>• Implications of offer and counteroffer</li> <li>• How planning consents and building regulations are enforced and their effects on the house buying/selling contract</li> </ul>



New	Supervised	Competent	
			<b>The effect on a property where a lifetime mortgage or home reversion plan is entered into as part of the purchase process</b> <ul style="list-style-type: none"> <li>The use of an equity release product during house purchase for upsizing</li> </ul>
			<b>In depth house buying process</b> <ul style="list-style-type: none"> <li>The regional differences in respect of purchases, sales, and application of mortgage contracts, in England, Wales, Scotland and Northern Ireland as applicable</li> <li>The ways properties can be sold/bought, including standard auctions, modern method of auctions, and private sales, as well as the advantages and disadvantages of each</li> <li>The land registration documents that a conveyancer uses during a purchase e.g. TR1, CH1, FR1 forms</li> </ul>
			<b>In depth understanding of the conveyancing procedure</b> <ul style="list-style-type: none"> <li>Experience of the conveyancing procedure from start to finish, with the ability to translate this into a client friendly description</li> <li>The requirements for liaison with the client's conveyancer throughout the process</li> </ul>
			<b>Risks involved when transferring an interest in the property</b> <ul style="list-style-type: none"> <li>The immediate implications faced when transferring owners of the property off the property's title. For example, when a spouse is too young to apply (e.g. losing their interest and equity in the property and therefore any inheritance that would have been passed on to beneficiaries)</li> <li>The future implications of divorce or separation on the removed party's interest in the property</li> <li>The future implications of vacating the property upon death of the applicant, focusing on the removed party's financial situation and ability to relocate in the future if the applicant does not provide for them in their will</li> </ul>
			<b>Legal rights available to lenders and borrowers</b> <ul style="list-style-type: none"> <li>The rights of lenders to protect their interest in a property, such as rights of access, rights of repossession and what happens after applicants die or move into long-term care</li> <li>Future changes that may affect the rights of owners and lenders, such as renting out rooms as a holiday let or running businesses from home, and the consequences of each</li> <li>The risks involved with certain product features, such as contractual repayments that cannot convert to roll-up interest, or contractual rent for home reversion plans, including potential for repossession of the property</li> </ul>

New	Supervised	Competent	
		✓	<b>The Land Registry for England &amp; Wales and the Registers of Scotland</b> <ul style="list-style-type: none"> <li>The role and operation of the land registry and significance for the equity release process</li> </ul>
		✓	<b>Administration of wills, probate and estate planning</b> <ul style="list-style-type: none"> <li>The duties of a personal representative, such as applying for a grant of probate or letters of administration</li> <li>How properties are inherited and the forms of ownership, such as beneficial interest and legal interest in a property</li> <li>Identifying, after the death of a homeowner, the beneficiaries of a property based on the way the title is held (e.g. tenants in common or joint tenants) and reading the relevant will/ applying laws of intestacy</li> <li>The legal work required to amend the property's title at the Land Registry when someone dies</li> <li>Estate planning techniques including with the use of trusts to protect property, and the effect that this can have on current and future mortgageability of the property</li> </ul>

## Unit 2

### Applying the equity release advice process

**This unit covers** the high-level advice process for both equity release and other later life lending products. Unit 3 takes this further by covering each element in more detail.

Those new to the sector need to be aware of the different products available and the internal documentation they might encounter.

Both those under supervision and those who have achieved competency should have a broader knowledge of the process, understanding of the documentation involved and the client journey.

Competent advisers are expected to have the greatest depth of understanding and the ability to apply this to their client recommendations. This section should be read in conjunction with the individual firm's own procedures and documentation.

For the purpose of this unit, the advice process consists of the following steps:





Disclosure

Fact Finding

Analysis  
& ResearchRecommendation  
& ApplicationLegals &  
Completion

New	Supervised	Competent	
			<b>The different products available and their uses</b> <ul style="list-style-type: none"> <li>• The role of lifetime mortgages and home reversion plans and their relative target clients</li> <li>• The role of non-equity release products such as retirement interestonly mortgages and their interaction with the equity release market</li> </ul>
			<b>Internal documentation</b> <ul style="list-style-type: none"> <li>• The different documents used during the advice process</li> </ul>
			<b>External documentation</b> <ul style="list-style-type: none"> <li>• How to access documents issued by providers, including key facts illustrations (KFIs) and application forms</li> <li>• The documents required during the legal process</li> </ul>
			<b>Initial disclosure, fact find and research</b> <ul style="list-style-type: none"> <li>• The initial disclosure process and contents of an initial disclosure document or equivalent</li> <li>• The fact finding process, the requirements of a good fact find and the information required by the regulated firm's documents</li> <li>• The recommendation process, application and completion requirements</li> <li>• Holistically treating the fact finding and recommendation process as a personalised experience, rather than an order taking service</li> <li>• Ensuring the client's own words, expressions and objectives are used when researching and recommending the most suitable product</li> </ul>
			<b>Different client needs and objectives</b> <ul style="list-style-type: none"> <li>• The different needs and objectives that clients may have, now and in the future, even when they do not realise these themselves and appropriate action</li> <li>• Appropriate challenge of client attitudes and perceptions, including acting in the role of trusted adviser to guide clients toward the best outcome</li> <li>• Triggers for heightened risk, vulnerability and indebtedness</li> <li>• Suitable principles and procedures when assessing the need to raise additional money</li> <li>• Key triggers for an overall financial review and action required (advise/refer)</li> </ul>



New	Supervised	Competent	
			<b>Researching, recommending and processing applications</b> <ul style="list-style-type: none"> <li>• The use of different solutions to meet different needs and potentially better alternatives, such as standard residential mortgages or downsizing. See Module 5 for more information</li> <li>• Applications of correct affordability, suitability and risk assessed solutions</li> <li>• Sourcing suitable products to meet the client's needs and referring clients to a more suitable alternative solution if applicable</li> <li>• Key features of each relevant provider's products in detail and how these can best be explained to clients</li> <li>• The different requirements of each provider's application process, including paper/online applications</li> </ul>
			<b>Legal advice and the completion process</b> <ul style="list-style-type: none"> <li>• The documents required through the legal process as well as the underwriting and financial advice stages</li> <li>• The steps involved in the legal process and where it is appropriate to liaise with legal professionals</li> <li>• The valuation, underwriting and completion process and how to explain these to clients</li> <li>• Managing client expectations by providing regular updates and giving accurate estimated time frames involved</li> </ul>

## Unit 3







### The end to end process

**This unit is split** into several sections, each covering a portion of the overall advice process.

A major part of a financial adviser's job is to find clients. For many, finding new clients is the hardest part of the customer journey.




## Lead generation

New	Supervised	Competent	
			<b>Lead generation overview</b> <ul style="list-style-type: none"> <li>• Legitimate and illegitimate methods of approaching and attracting clients</li> <li>• Legal and regulatory requirements in relation to lead generation and marketing – including both FCA and General Data Protection Regulation (GDPR)/Data Protection Act requirements</li> </ul>
			<b>Approved lead generation methods</b> <ul style="list-style-type: none"> <li>• FCA and firms' internal policies around lead generation and the conditions under which advisers can contact new clients</li> <li>• Consequences of illegitimate marketing and lead generation e.g. penalties enforced by regulatory bodies, the decrease in consumer trust within the wider industry</li> <li>• Due diligence checks for lead generators and introducers e.g. ensuring these sources are fit and proper and abide by FCA policies and legal requirements</li> </ul>
			<b>Compliance</b> <ul style="list-style-type: none"> <li>• Maintaining introducer and lead generation databases</li> <li>• Reporting of illegitimate sources of lead generation so appropriate action can be taken by authorities</li> </ul>

## Initial disclosure

Advisers have a regulatory obligation to provide clients certain information early in the relationship and before advice is given. The timing and nature of the disclosure depends partly on the type of product being recommended. Detailed rules are found in Chapter 4 of Mortgage Conduct of Business (MCOB). Many firms still present the information in an initial disclosure document (IDD), although this is no longer a requirement as long as the prospective client is given the correct information in the correct way, at the correct time.



New	Supervised	Competent	
			<b>The initial disclosure process</b> <ul style="list-style-type: none"> <li>• The purpose and importance of initial disclosure to a client</li> <li>• The scope of services that can be provided to clients under company policies and FCA approval</li> <li>• The contents of the regulated firm's relevant privacy policy, and how data/information is processed and stored</li> </ul>

New	Supervised	Competent	
	✓	✓	<b>Providing disclosure</b> <ul style="list-style-type: none"> <li>The information that must be disclosed to prospective clients, including: <ul style="list-style-type: none"> <li>Description of firm's service</li> <li>Range of products offered and any restrictions if advice is offered on a restricted basis</li> <li>Basis of remuneration</li> <li>Alternative financing options</li> <li>Whether any marketing agreements are in place and third party involvement</li> <li>How to access the company complaints procedures, the Financial Ombudsman Service (FOS), and entitlement under the Financial Services Compensation Scheme (FSCS)</li> </ul> </li> <li>Able to handle client queries that arise in respect of the firm's disclosure</li> </ul>
		✓	<b>Different services available to clients</b> <ul style="list-style-type: none"> <li>The different ways industry competitors offer services</li> <li>To explain the differences to clients regarding the advantages and disadvantages of fee free or fee paid when connected to restricted advice or whole of market advice</li> </ul>

## Fact find

When Equity Release Council members recommend and provide equity release products to clients, they only do so on an advised basis in conjunction with a solicitor who certifies the plan and confirms the client has accessed independent legal advice. Advisers who are not Equity Release Council members may allow applications for execution-only business on the limited occasions when MCOB allows. When providing advice and product recommendation, advisers must fully assess the client's needs and motivations. This includes fully assessing their current arrangements as well as understanding their objectives and future needs. Each firm will have its own fact find tool or document, and advisers need to complete this in full, by accurately recording client information, before they can provide advice.

As part of the fact finding process, advisers need to consider alternative solutions to equity release, as well as how each product recommendation may affect the client in the present as well as the future. The fact find is not simply important – it is mandatory.



It is important to remember the fact finding process is not intended to be an order taking exercise. It is an integral part of the advice process that helps advisers understand their client's circumstances and motivations, what their future objectives might be, and how they want to achieve them. It is an opportunity for the adviser to discuss the client's needs and motivations in full, challenging objectives where necessary and providing alternative solutions if they may be more appropriate.



New	Supervised	Competent	
			<b>Basic principles of fact finding</b> <ul style="list-style-type: none"> <li>The structure of a fact find and the areas covered</li> </ul>
			<b>The fact finding document and process</b> <ul style="list-style-type: none"> <li>Guiding the process so that every applicable section is completed based on a client's individual circumstances</li> <li>Identifying client situations that require further attention to detail, or discussions about referrals to third parties (such as residential mortgage brokers, estate planners, wealth managers)</li> <li>Identifying the client's needs and requirements in the future such as future private care needs and access to further funds</li> <li>Being able to explain and give examples of how adding set up costs/arrangement fees to the loan (with interest charged) can be more expensive than paying for set up costs from own funds on the overall cost of borrowing</li> <li>Formatting and finalising the completed fact find, to be checked by business standards, a supervisor or, for supervised advisers, a competent adviser</li> </ul>
			<b>Completion of fact find independently</b> <ul style="list-style-type: none"> <li>Completing the fact find with a client as a matter of routine</li> <li>Identifying when clients have a lack of understanding about a topic and breaking down the required information in an easy to understand way</li> <li>Identifying understanding and vulnerability, and using appropriate techniques during the fact find, such as repeating questions, asking for further details and ensuring that there is no sign of coercion</li> <li>Ensuring the fact find is comprehensive and complies with company policies</li> <li>Ensuring the client's objectives are detailed in full and form the fundamental basis of the fact finding process. The fact find process is not a tick box exercise</li> <li>Providing adequate challenge to client attitudes and perceptions where these might lead to suboptimal outcomes</li> </ul>

## Research

The amount of research required during the product recommendation process will depend on the adviser's status. Restricted advisers may have very limited research to undertake, whereas independent financial advisers may require a much more comprehensive approach to research and product selection, because they need to consider all available products. Ultimately, the client must clearly understand whether their adviser is independent or restricted, as well as the limitations of their regulatory permissions.

More information is provided in Module 5, Know your products.



New	Supervised	Competent	
			<b>The products available to clients</b> <ul style="list-style-type: none"> <li>• The different products available to the client, such as standard residential mortgages, 55+ mortgages, RIOs, lifetime mortgages and home reversion plans</li> <li>• Applying information obtained during the fact finding process to various research tools</li> <li>• Making referrals to third parties to achieve a more appropriate client outcome elsewhere</li> </ul>
			<b>Research and comparison software</b> <ul style="list-style-type: none"> <li>• Appropriate comparison tools or software to calculate accurate comparisons between products</li> <li>• Where appropriate, selecting the most suitable product using alternative or multiple research methods, for example comparisons between products over specified periods, and based on future changes</li> <li>• Refining options based on client requirements, such as inheritance protection, future drawdown needs, probability of early repayment, affordability and potential future moves</li> <li>• Using software to appropriately assess the overall cost of borrowing for products that charge an arrangement fee vs fee-free, and products which provide cashback vs no-cashback products</li> </ul>
			<b>Obtaining provider documents</b> <ul style="list-style-type: none"> <li>• Obtaining documents from relevant providers including KFIs and application forms</li> <li>• Familiarity with, or means to research, provider suitability criteria to ensure that the client and property meet their criteria</li> <li>• Where appropriate, additional depth of research including refined quotes based on client's changing needs and objectives</li> </ul>
			<b>Intuitive research</b> <ul style="list-style-type: none"> <li>• Where applicable to role, combining detailed product knowledge that may be unavailable within sourcing and comparison software, to obtain the most suitable product, such as adverse credit, and non-standard property criteria</li> <li>• The underwriting criteria used by applicable providers and implications for non-standard cases (such as properties offered for holiday lets or properties with tenants on an assured shorthold tenancy agreement)</li> <li>• Standard and non-standard documents required by providers in relation to specific situations e.g. occupier deed of consent forms/waivers</li> </ul>

New	Supervised	Competent	
			<b>Further legal research</b> <ul style="list-style-type: none"> <li>The requirements of the solicitors used by each applicable provider including: <ul style="list-style-type: none"> <li>Whether the provider's solicitor or client's solicitor carries out pre-registration checks on unregistered properties</li> <li>Additional requirements for leasehold</li> <li>Suitability of leased solar panels</li> <li>Matrimonial requirements in varying situations</li> </ul> </li> <li>Preparing or helping the client prepare the different documents required by their solicitor to carry out the legal process efficiently</li> </ul>

## Recommendation

After determining the most appropriate product for the client's needs, the adviser needs to present this recommendation to them. This needs to be done in a way the client will understand, ensuring complex topics are explained in a clear and accessible manner. At all times, the adviser needs to present the information in a way that is clear, fair and not misleading.



New	Supervised	Competent	
			<b>Presentation documents required</b> <ul style="list-style-type: none"> <li>The contents of each section within a KFI and the features of a recommended product</li> <li>The documents required at the presentation appointment, e.g. a suitability report, KFI, application form, client fee agreement</li> <li>The firm's presentation and recommendation requirements</li> </ul>
			<b>The recommendation process</b> <ul style="list-style-type: none"> <li>The potential for a recommendation process to extend to two or more stages according to customer needs</li> <li>Requirements of the regulator and the firm in relation to multiple recommendations (such as when further recommendations are required if a provider declines to proceed following application or valuation)</li> </ul>






Ultimately, the client must clearly understand the limitations or otherwise of the adviser which they are conducting business with has in their access to market and the limitations of permissions they may also have.








New	Supervised	Competent	
			<b>Best advice</b> <ul style="list-style-type: none"> <li>• Importance of considering potential client solutions from the broader range of later life lending solutions rather than adopting a narrow focus only on equity</li> <li>• Demonstrating the selected product is the most appropriate for the client's needs</li> <li>• Documenting advice accordingly</li> <li>• Recognising when it is appropriate to refer to a specialist , for instance when complex tax, estate planning, benefits or local authority grants advice is required</li> <li>• The process by which these referrals can be made</li> <li>• Firm-specific policy around referrals</li> <li>• Ensuring the recommendation expands on why a product is suitable, evidenced from the client's wants and needs</li> </ul>
			<b>Presentation preparation</b> <ul style="list-style-type: none"> <li>• Setting client expectations in advance of the presentation/ recommendation meeting, outlining the documents they will need to produce, such as proof of identity and address, buildings insurance, mortgage statements</li> <li>• Importance of prior preparation, such as complete understanding of the KFI</li> <li>• Regulatory and firm requirements, such as specific requirements for face to face and telephone appointment</li> <li>• Where appropriate, producing a clear and easy to understand draft suitability report for use in the meeting that is personalised to and meaningful for the individual client</li> <li>• Demonstrate that the selected product is the most appropriate for the client's needs</li> </ul>
			<b>The presentation and recommendation process</b> <ul style="list-style-type: none"> <li>• Checking for and adapting recommendation to take account of any changes in client circumstances</li> <li>• Breaking down the KFI in simple to understand language, highlighting important features within each product</li> <li>• Where relevant, simplifying the early repayment charges to ensure the client fully understands</li> <li>• Where relevant, setting out the nature of any drawdown facility, including link to client needs, basis of interest and early repayment charges for future sums and when the facility can be withdrawn</li> <li>• The nature of any adviser remuneration: the commission and fees as appropriate</li> <li>• Implications of final valuation for KFI and loan amount</li> <li>• Completion of the application form: either checking the client's completion, or pre-completing and asking the client to check</li> <li>• Obtaining other appropriate documents, such as evidence of identity and address</li> </ul>






New	Supervised	Competent	
			<b>Post-presentation process</b> <ul style="list-style-type: none"> <li>• Collating all documents collected during and after the presentation, in a way that complies with regulatory and firm requirements</li> <li>• If not produced prior to meeting, drafting within designated timescales an easy to understand suitability report, which is personalised to and meaningful for the individual client, to reconfirm the information presented to the client</li> </ul>
			<b>Advanced recommendation process</b> <ul style="list-style-type: none"> <li>• Identifying when a client does not fully understand a certain feature, and providing further clarity</li> <li>• Use of examples and analogies that relate to real life situations to help client understanding</li> <li>• Depth of personal knowledge in relation to product features to facilitate instant answers to queries</li> <li>• Adapting to client needs, such as suitability report written in large print as necessary</li> </ul>

## Application

When completing product application forms for clients, advisers need to follow additional requirements. Application forms are important legal documents, so it is vital that they are completed honestly and accurately.








New	Supervised	Competent	
			<b>Duty of care during the application process</b> <ul style="list-style-type: none"> <li>• Importance of full and accurate completion of the application, and legal consequences of failure</li> <li>• Completing application forms accurately, comprehensively and only with the client's consent</li> <li>• The duty of care owed to clients and providers when completing an application form on the client's behalf as an intermediary</li> <li>• Transferring details obtained during the fact finding process into the required application documents</li> </ul>

New	Supervised	Competent	
			<b>Explaining the application process</b> <ul style="list-style-type: none"> <li>Explaining the application process to a client, including the contract risks associated with signing an application declaration</li> <li>Managing client expectations in relation to timescales for valuation, offer and completion, and additional requirements of each provider</li> <li>Obtaining all information required by the application form being completed to meet provider requirements</li> </ul>
			<b>Making an application</b> <ul style="list-style-type: none"> <li>Completion process for both online and paper applications (as applicable) using details obtained during the fact finding process</li> <li>Process for submission of application forms to the relevant team within the provider's business</li> <li>Accurate completion of objectives and the use of funds information to prevent provider queries</li> </ul>
			<b>Foreseeing provider requirements</b> <ul style="list-style-type: none"> <li>Pre-empting provider application requirements, such as provision of associated documentation along with the application e.g. ID, proof of address, matrimonial documents, death certificates</li> </ul>

## Valuation

When clients enter into an equity release or other later life mortgage arrangement, they need to have their property valued. The valuation is an important part of the application process, potentially affecting various aspects of the advice process. The client will need to understand the requirements of the valuation in advance so there are no surprises. Advisers need to have a good understanding of the valuer's role in this process and clearly explain this to clients.



New	Supervised	Competent	
			<b>Fundamental understanding of valuations</b> <ul style="list-style-type: none"> <li>A valuer's role when estimating a property's value for saleability and mortgage ability purposes</li> </ul>
			<b>Types of valuations and surveys</b> <ul style="list-style-type: none"> <li>The difference between estate agent valuations and a surveyor's valuation for equity release purposes</li> <li>The benefits of different types of surveys, such as basic valuations, structural surveys and damp and timber reports</li> </ul>

New	Supervised	Competent	
		✓	<b>Identifying problems in advance of a valuation</b> <ul style="list-style-type: none"> <li>Identifying problems or essential works that may be required in advance of a valuation</li> <li>Actively managing a client's expectations around a property's value to streamline the application process</li> <li>Applicable providers' property eligibility requirements, which may prevent the property being acceptable to the provider, such as proximity to commercial premises or electricity pylons</li> <li>Addressing down valuations with a client and ensuring their needs and objectives continue to be met appropriately</li> </ul>



## Offer document

In many cases, the financial adviser's role extends well beyond the initial application for equity release. The client may require further assistance all the way through to the completion of the contract and beyond. Because of this, advisers need to understand each step of the process as they may be called upon to assist the client.

New	Supervised	Competent	
✓	✓	✓	<b>The offer document</b> <ul style="list-style-type: none"> <li>The content of the offer document and the similarities/differences between this and the KFI or European Standardised Information Sheet (ESIS), identifying any changes that have occurred between application and offer, such as changes to interest rates, property valuation, loan amount</li> </ul>
	✓	✓	<b>Breaking down the offer document</b> <ul style="list-style-type: none"> <li>Advising the client of any changes to the offer and why these changes have occurred</li> <li>Contents of every section of the offer document to direct clients to relevant sections in response to queries</li> <li>Common wording and terms applicable to all offer documents</li> <li>Special conditions imposed on the offer and who is liable to satisfy these conditions (for example, client, financial adviser or solicitor)</li> <li>Where to ask for support on specific queries</li> </ul>

New	Supervised	Competent	
		✓	<b>Specific wording of the offer</b> <ul style="list-style-type: none"> <li>Awareness of wording specific to each applicable provider or product, such as downsizing protection features, inheritance protection</li> <li>Breaking down an offer simply and logically to facilitate client understanding</li> </ul>
		✓	<b>Liaising with different parties</b> <ul style="list-style-type: none"> <li>Liaising with the various parties involved in the application to ensure any pre-completion issues are addressed promptly</li> </ul>

## Legal aspects

Equity release products have multiple legal aspects, just like standard mortgages. This includes conveyancing, lease arrangements and matrimonial issues, to name a few. It is important clients understand the legal process and the adviser can help them to do it. The better the adviser understands the legal requirements, the easier it will be for them to explain them to the client and provide assistance where necessary.



New	Supervised	Competent	
✓	✓	✓	<b>Legal work</b> <ul style="list-style-type: none"> <li>Conveyancing aspects of property transactions</li> <li>Additional legal advice work involved in processing equity release transactions</li> <li>Which law firms are usually instructed to act for each applicable provider</li> </ul>
	✓	✓	<b>Client's legal advice</b> <ul style="list-style-type: none"> <li>Where appropriate, helping a client understand where they can source law firms who are active in the market and possibly local to them (including the solicitors in the Equity Release Council's member directory)</li> <li>The services provided by certain law firms, such as matrimonial issues, lease extensions, title splits, estate planning</li> <li>Broad knowledge of law firms' fee structures</li> <li>The considerations of the client using solicitors that may not be Equity Release Council members or familiar with the legal work involved. Reminding them the choice is entirely theirs to make</li> </ul>



New	Supervised	Competent	
	✓	✓	<b>The legal process</b> <ul style="list-style-type: none"> <li>The legal process and different legal documents the client will receive and need to sign, for example, a solicitor's certificate, mortgage deed, buildings insurance declaration form</li> </ul>
		✓	<b>Advanced legal knowledge</b> <ul style="list-style-type: none"> <li>Requesting copies of titles from the Land Registry and basic knowledge of how to read an electronic title</li> <li>Potential legal/conveyancing issues</li> <li>Explaining the legal process to a client for complicated cases, such as matrimonial requirements, removal of restrictions, redemption of charges, extension of leases, freehold purchases</li> <li>Identifying the specific documents or requirements a solicitor will require and providing them in advance to assist the legal process</li> </ul>

## Power of attorney

Given the long-term nature of equity release plans and the age of the clients involved, many people will need to access funds long after the plan is first arranged. For example, clients may need additional funds after experiencing a significant and potentially unforeseen life event. In this instance, the issue of third-party representation is of great significance.



New	Supervised	Competent	
✓	✓	✓	<b>POAs and Court appointed representatives</b> <ul style="list-style-type: none"> <li>The key features and limitations of different forms of power of attorney and the implications of not having an attorney in place now and in the future (such as court-appointed representation process)</li> </ul>
	✓	✓	<b>Capacity issues now and in the future</b> <ul style="list-style-type: none"> <li>Identifying when a client may not have sufficient capacity to understand the product and any legal implications themselves</li> <li>What constitutes the required capacity to enter an equity release contract, under the Mental Capacity Act 2005</li> <li>Process for establishing a power of attorney or court appointed representation as appropriate including the use of solicitor versus self-completion</li> <li>The benefits of setting up a power of attorney (POA) early, to prevent issues that may arise in the future</li> </ul>

New	Supervised	Competent	
			<b>Further advice</b> <ul style="list-style-type: none"> <li>• The additional duties of attorneys during the application process</li> <li>• The documents required by solicitors for the client and provider</li> <li>• The future risks and consequences to the client and their loved ones, if they choose not to set up relevant POAs now</li> </ul>

Even if the client is fully capable of making their own decisions now, they should consider putting in place a POA for the future.

## Completion

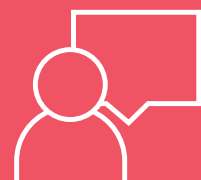
When the equity release contract is completed, this marks the end of the first stage of the product lifecycle and the culmination of the initial advice journey.



New	Supervised	Competent	
			<b>Completion procedure</b> <ul style="list-style-type: none"> <li>• The pre-completion procedure, such as completed schedule of requirements sent from client's law firm to the provider's law firm, and a subsequent funds request to the provider</li> <li>• The completion procedure on the day of completion</li> </ul>
			<b>Assistance</b> <ul style="list-style-type: none"> <li>• The importance of the completion date for the client and the requirement to manage expectations in this regard, for example funds may not be received by the client until after the date of completion in certain situations</li> <li>• Updating clients throughout the completion process</li> <li>• Process for appropriate liaison with the two law firms involved and the provider, to ensure that completion goes smoothly</li> </ul>



At completion, the adviser role is likely to be limited, with the provider and the solicitor taking the lead. The adviser still needs a full appreciation of the process, though detailed queries are likely to be referred to the client's solicitor.



## Post-completion process and ongoing reviews

On many occasions, the financial adviser's involvement with the client comes to an end when the contracted is completed. Some equity release arrangements may be completed on a single-transaction basis and advice is only provided once. However, for a growing number of clients, completion marks the start of a longer-term relationship that includes regular reviews and servicing.



New	Supervised	Competent	
			<b>Onward service and feedback</b> <ul style="list-style-type: none"> <li>The nature of ongoing support after completion of the initial contract</li> <li>The importance of receiving and acting on feedback from clients and supervisors, to help enhance service</li> </ul>
			<b>Post completion</b> <ul style="list-style-type: none"> <li>Follow up procedures such as the importance of clients cancelling direct debits for repaid mortgages, and setting up standing orders for payment of interest</li> <li>How the client receives their funds after completion, for example, cheque, three-day Bankers' Automated Clearing System (BACS) or same day telegraphic transfer (TT) depending on the nominated law firm's procedure</li> </ul>
			<b>Future support</b> <ul style="list-style-type: none"> <li>Ability of the client to contact the adviser for support if their situation changes, for example if they decide to move homes, one dies or, with a lifetime mortgage, if they decide to repay the product in full or wish to re-mortgage with a new provider</li> </ul>
			<b>Actively seeking feedback</b> <ul style="list-style-type: none"> <li>Ensuring that feedback requests are an essential part of the sales process</li> <li>Actively reviewing client situations in the future and obtaining feedback periodically</li> <li>Pre-arranging client reviews in advance to ensure client outcomes are achieved</li> </ul>
			<b>Actioning feedback</b> <ul style="list-style-type: none"> <li>Working with the regulated firm to help implement changes to the firm's sales process and technique, in response to feedback received</li> </ul>
			<b>Maintaining relationships</b> <ul style="list-style-type: none"> <li>Where appropriate, active contact of clients in the future to establish whether new advice or help is required</li> <li>Maintaining a healthy relationship with clients to enhance consumer trust within the industry</li> </ul>

## Unit 4

### Complaints process

**From time to time**, advisers may receive complaints about the advice and recommendations they have provided.

Despite the best intentions, sometimes things can go wrong. Where this happens, it is important clients know how to raise a complaint and that the firm has a method for reviewing and responding to them. It is critical everyone in a firm understands and correctly applies the complaints process.

Everyone working in the equity release and later life lending sector should understand their firm's complaints handling process and its requirements. Advisers should be pro-active in preventing complaints from arising by being mindful of their client's needs and wishes, and by adhering to protocols and providing the highest standard of advice.

Listening to and addressing client concerns in a swift and effective manner can go a long way to avoiding unnecessary upset. Above all, transparency and treating people fairly are of paramount importance. This unit should be used in conjunction with the firm's complaint handling procedure.



New	Supervised	Competent	
			<b>Complaints procedures</b> <ul style="list-style-type: none"> <li>• Industry complaint and resolution procedures available to clients, such as the FOS and FSCS, the ways clients can action a complaint, and their rights to do so</li> <li>• The regulated firm's internal complaints procedures and reporting requirements</li> </ul>
			<b>Processing Complaints</b> <ul style="list-style-type: none"> <li>• Process for referring complaints to the relevant internal complaint handler/team, or personally completing relevant reporting documentation correctly</li> <li>• Directing clients to regulatory complaint and resolution procedures if required</li> </ul>
			<b>Preventing Complaints</b> <ul style="list-style-type: none"> <li>• Actively maintaining client contact and high service standards to prevent complaints from arising</li> <li>• Pre-emptively remedying issues before they escalate into complaints</li> <li>• Resolving less significant complaints promptly in an understanding and sympathetic way, and taking action to ensure client satisfaction is achieved</li> <li>• Taking active steps to mitigate any future complaints in situations that may pose high risk to the adviser, to ensure the best client objective can be reached, while preventing any future right to recourse due to poor risk awareness and case handling</li> </ul>

# Sources of information

## Equity Release Council

- [Adviser Guide to Equity Release](#)
- [Market Reports](#)
- [Members Lounge](#)
- [Find a Member](#)
- [Adviser resources](#)

## Financial Conduct Authority (FCA)

### Financial Ombudsman (FOS)

- [Understanding Compensation](#)

## GOV.UK

- [Mental Capacity Act 2005](#)

## Homeowners Alliance

## Later Life Academy

## Legal Ombudsman

## Office of the Public Guardian

## Personal Finance Society

## Society of Later Life Advisers (SOLLA)

## Society of Licensed Conveyancers

## Society of Mortgage Professionals

## Solicitors Regulation Authority (SRA)

## YourMove

## Publication: Financial Adviser

## Publication: Mortgage Solutions





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The competency framework is for guidance only. Advisers must always refer and adhere to the regulatory regime set out in the Financial Services and Markets Act 2000, and the FCA Handbook. Use of this framework does not alleviate any responsibility or obligation to follow the regulatory regime set out in statute and secondary legislation.

For more information on regulatory standards, please contact the Financial Conduct Authority, or visit its website [www.fca.org.uk](http://www.fca.org.uk). The Equity Release Council will not be held responsible for regulatory breaches incurred by firms relying on this framework for FCA compliance purposes.

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