

‘Later Life Lending: Great Expectations’: the Council’s perspective

Embargoed to 00:01 March 9 2023

Background

The independent report, **Later Life Lending: Great Expectations**, is authored by Jon Dunckley, Director of About Consulting Group and explores the UK’s later life lending market in context of c.£28bn of [annual mortgage lending](#) to consumers over the age of 55. The report was commissioned by the Equity Release Council to help set out a route map for all major market participants, including government, regulators and industry, to better support our ageing population.

The report’s publication follows two significant milestones in 2022: the [30th anniversary of the first equity release standards](#) and a [record year](#) which saw 93,354 new and existing customers use equity release – primarily lifetime mortgages – to access £6.2bn from their homes to support their finances.

The report calls for coordinated action to build on recent progress to create a later life lending market which reflects consumers’ evolving needs and can support a joined-up approach to using property wealth in later life financial planning. The ultimate aim is to raise retirement living standards and equip homeowners and their families to enjoy a better quality of life.

Why have we commissioned this report?

The Council is uniquely placed in the later life financial planning space through its consumer-focused mission, the safeguards it sets to complement statutory regulation and the ability to unite all participants involved in shaping the customer experience, including providers, advisers, solicitors, surveyors, tech platforms and other industry professionals.

As consumer needs evolve, the Council believes the market must adapt and evolve at a faster pace. Many more people are aware of and making use of later life lending products to draw on their property wealth. However, while UK homeowners collectively own [more than £5.4trillion of housing equity](#), many continue to face major financial wellbeing challenges which are within their power to address.

The Council shares the author’s view that coordinated action offers the best way to join the dots and help more people make informed decisions to improve their living standards using property wealth.

Progress and priorities

The Council’s work with members, industry and wider stakeholders touches on many of report’s priority areas:

Setting the path from the top

- Developing the Council’s relationship with **HM Treasury** so policy makers can better understand the benefits equity release can have on the economy. It is estimated that [equity release directly supports 45,000 jobs](#) plus an extra 35,000 via the supply chain, and accounts for £1 of every £90 spent by retired people. These figures highlight major untapped potential to help the Government achieve its economic and social objectives, including raising retirement living standards, facilitating the transfer of wealth between generations and addressing unmet social care needs.
- Working with the **Money and Pensions Service (MaPS)** to improve the availability of consumer guidance about accessing property wealth; supporting referral processes between advisers of different specialisms; and encouraging consumer referrals to free debt advice.
- Collaborating with the Scottish Government’s **Green Heat Finance Taskforce** by channelling the expertise of the Council’s Funders Forum to support the net zero transition. We have also worked with the **Green Finance Institute** with its Brokers’ Handbook on Green & Retrofit Technologies.

Revisiting regulation

- Partnering with a **major global consultancy** to publish member guidance on the upcoming Consumer Duty, including demonstrating fair value from equity release products and services
- Continuing to build relationships with key regulatory bodies and regularly engage with the **Financial Conduct Authority (FCA)**, **MaPS**, **Financial Ombudsman Services (FOS)** and **Financial Services Consumer Panel (FSCP)** on behalf of members.

Creating the experience

- Reinforcing industry quality standards – we carried out over 60 oversight checks on member firms last year and responded to over 300 technical queries from customers and advisers.
- **Raising and embedding** standards across the Council membership and wider industry. Last year we published more than 20 technical and regulatory bulletins, while the Council's competency framework for advisers was adopted by both **AiR Academy** and the **London Institute of Banking and Finance** as a benchmark for adviser knowledge.
- Producing **industry guidance on fees and charges** to promote the adoption of clear and consistent language throughout the customer journey to improve understanding.
- Examining **post-completion communications** between members and consumers, to inform upcoming guidance on nurturing ongoing relationships to meet customers' changing needs.
- Establishing new forums for **providers, funders** and **technology platforms** to support greater innovation across the industry to benefit consumers.

Raising awareness

- Collaborating with other trade associations with members who are active in later life planning to publish guidance for consumers signposting different product options across the market.
- Securing recognition from the **MoneySavingExpert**, **MoneyHelper** and **FOS** for Council membership and the benefits the Council's consumer-focussed safeguards bring.

Challenges to address

The report makes wide-ranging recommendations for government, regulators and industry to improve the later life lending experience. Key priorities for the Council on behalf of its members include:

- Ensuring its standards, rules and guidance are fit-for-purpose for the Consumer Duty to support the safe growth of the market.
- Engaging all major political parties in advance of the next General Election about the options afforded by equity release to tackle multiple policy challenges facing the ageing population.
- Continue to work with regulators and consumer bodies, in particular around the FCA's current work on later life and thematic review of retirement income advice, highlighting advice silos and the importance of narrowing gaps between separate specialisms.
- Improving consumers' understanding of their options to use property wealth in later life planning and the role of Council safeguards. This includes working with MaPS on better signposting within financial planning journeys, tools and resources; engaging with influencers including politicians, consumer champions and media; and revisiting plans for a cross-industry consumer education.
- Ensuring Council standards, overseen by its new Standards Committee with broad cross-industry representation, continue to evolve with changing consumer needs and support product innovation while maintaining consumer confidence and trust.