



SHIP LAUNCHES CONSUMER CHECKLIST ON SALE AND RENTBACK

SHIP (Safe Home Income Plans), today launches a consumer checklist on the Do's and Don'ts of sale and rent back in response to increasing consumer confusion.

Many "Sale and rent back schemes" involve a company buying your home for significantly less than the market value, and then allowing you to continue living in the property, but only by paying full market rent and often with only an assured short hold tenancy agreement. There are no guarantees that you will be able to stay in the property long term.

The launch comes as a result of research conducted by SHIP into the sale and rent back market, which revealed evidence of misleading claims and advertising by some companies, including portraying themselves as equity release. It is expected that further coverage on this subject in today's BBC Two's Working Lunch at 12.30pm.

Andrea Rozario, Director General of SHIP, commented on the issue:

"Whilst we acknowledge that there may be some ethical sale and rent back companies, we are concerned about the number of providers who are making misleading claims in their advertising. We have devised this checklist to help consumers and advisers of some of the key risks and implications of these products and also their rights in order to make an informed decision.

"For the avoidance of doubt there is no comparison between regulated equity release schemes, with which consumers have the full protection of the FSA in addition to the safeguards implemented by SHIP, and the non-regulated sale and rent back sector. The two main differences consumers should take note of are:

- Security of tenure: all regulated equity release products give policy holders the right to live in their homes for life*
- No monthly rent: equity release schemes do not require regular payment from policyholders*

"However, misleading advertising can often lead consumers to believe that these two types of product are one and the same. We recommend that consumers always take qualified financial advice before making any financial decisions which will ensure they are aware of all of their options."

ESSENTIAL DOS' AND DON'TS

Do:

- If you have an existing loan, speak with your lender if you are having problems meeting your monthly repayment.
- If you are having trouble with debt speak with an organisation such as the Citizens Advice Bureau (CAB), Payplan or the National Debt Helpline before you do anything else.
- If feasible do consult your family about your intentions.
- Check out the company you are thinking of using. Are they regulated by the Financial Services Authority (FSA)? If not, you may not have rights to redress if things go wrong and you could end up evicted if the company goes bust.
- Check the type of tenancy agreement you are being offered. Many sale and rent back schemes offer very little security. You are better off with a lifetime lease (or a minimum of 21 years) as opposed to an assured short hold tenancy agreement which will offer no security of tenure and may result in a higher rent being charged at the end of the initial 6 months, or worse eviction.

Don't:

- Forget to think about your future financial, family and life plans along with any ongoing commitments.
- Don't be pressurised - if in difficulty with debt, speak with the companies you owe money to sooner rather than later.
- Don't forget that the monthly rent is a commitment you may not be able to keep up, and that the amount of rent is likely to increase in the future. There is no guarantee you will get housing benefit to cover this rental cost, no matter what the Sale and rent back company tells you.
- Don't forget to check if you are eligible for any state benefits or grants from the Department of Work and Pensions and your local council.
- Don't assume everything you are being told is correct, get it checked out and don't rush into any agreements.

To see the full consumer checklist visit www.ship-ltd.org

For further information please contact:

Suman Hughes / Beth Murray, The Wriglesworth Consultancy on 020 7427 1400
or email ship@wriglesworth.com

Andrea Rozario on 07946 378 363 or email directorgeneral@ship-ltd.org

About SHIP:

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers, representing the interests of its members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.

SHIP is comprised of the following 22 members:

- Bradford & Bingley
- Bridgewater Equity Release Ltd
- Bristol & West Mortgages
- Coventry Building Society
- Dumfermline Building Society
- Hodge Equity Release
- Home & Capital Trust Ltd
- In Retirement (Reversion) Ltd
- Just Retirement Ltd
- LV Equity Release Limited
- More2life limited
- National Counties Building Soc
- New Life Mortgages Ltd
- Northern Rock Plc
- Norwich Union Equity Release
- Partnership Home Loans Limited
- Prudential UK Service Ltd
- Retirement Plus Ltd
- Saffron Building Society
- Standard Life Lifetime Mortgages
- Stonehaven UK Ltd
- Stroud & Swindon Building Society