



## SHIP CALLS ON TRADING STANDARDS TO TAKE ACTION OVER MISLEADING SALE AND RENT BACK WEBSITES AND ADVERTISING

- Clear guidelines must be set for advertising and websites
- Substantial fines should be given to those who make misleading claims

SHIP (Safe Home Income Plans) - the trade body that represents 90% of regulated UK equity release providers – has today called on Trading Standards to take action against sale and rent back companies who are misleading consumers with their websites or advertising.

SHIP's two main concerns are that firstly, many websites are misleading because they fail to inform consumers up front the risks associated with entering into a sale and rent back scheme. Secondly, sale and rent back providers are making misleading comparisons with FSA regulated equity release products.

SHIP is calling on Trading Standards to insist that sale and rent back companies have to make clear in their websites and advertising exactly what they do and do not offer, and for them to be fined for not doing so.

The letter sent today to the Head of Trading Standards and copied into the Advertising Standards Authority (ASA), the Financial Services Association (FSA) and the Office of Fair Trading (OFT), includes examples of the claims being made by these companies.

Some examples of the misleading information include:

*'Before, an equity release would mean taking out a new loan secured by your property. If things do not work out according to your plans, you might end up losing your home to repossession. People, who do not want to risk their homes to repossession, would rather spend the rest of their lives trying to maintain a standard of living they are accustomed to rather than choose an 'equity release' loan'.*

This is factually incorrect, SHIP members offer security of tenure by the very fact that the loans are not serviced, and also offer customers a no negative equity guarantee, which ensures that the loan will never be more than the value of their home.

Another company also makes factually incorrect statements about equity release and states: *'Looking to access **your home equity**, yet wary of the high cost of equity release schemes or losing ownership of your property due to **home reversion**? Fear not – xxx's quick, no fee home buying service is the ultimate solution for accessing your home equity – it's simple, fast, and the **cash offer you receive is guaranteed.**'*

This is sensationalist and plays on potentially vulnerable homeowners without presenting a balanced view of the products concerned. Sale and rent back is presented as the 'ultimate solution' which could potentially lead homeowners who are in a susceptible position to make an inappropriate decision. In addition this states that people would lose their home through a reversion plan which is incorrect as a SHIP reversion provider guarantees to deliver the security of tenure for clients.

Last month, the OFT issued the results of a six month investigation into the sale and rent back industry, with a recommendation that the FSA regulate the sector.

**Andrea Rozario, Director General of SHIP commented:**

*"At the moment the sale and rent back sector is growing unchecked and aspects of it could present a real danger to consumers. It is important, now more than ever, that this sector is forced to offer clear factual information, and penalised if they do not. For this reason we have sent a letter to Trading Standards, outlining our concerns and seeking a meeting to discuss the situation.*

*"Ultimately people need to be able to understand the risks involved in a sale and rent back transaction, however currently this is not always the case. To support this, SHIP recently compiled a "Do's and Don'ts" checklist for anyone considering sale and rent back, to show there is no comparison with regulated equity release.\**

*"We believe that the ethical companies in the sale and rent back sector will welcome these recommendations, as they will not want to be tarred with the same brush as those who are misleading consumers."*

**- ENDS -**

\*The two main differences between regulated equity release and sale and rent back 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 rent payments from policyholders.

To see the full SHIP SARB consumer checklist visit [www.ship-ltd.org](http://www.ship-ltd.org)

*For further information, please contact:*

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### **About SHIP:**

Safe Home Income Plans (SHIP) is the UK trade 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's members:** Bradford & Bingley, Bridgewater Equity Release, Bristol & West Mortgages, Coventry Building Society, Dunfermline Building Society, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, LV, More2Life, National Counties Building Society, New Life Mortgages, Norwich Union, Northern Rock plc, Partnership Home Loans, Prudential, Retirement Plus, Saffron Building Society, Standard Life, Stonehaven Equity Release, Stroud & Swindon Building Society.