



## SHIP CALLS FOR 'SALE & RENT BACK' MARKET TO BE REGULATED, AS OFT KICKS OFF FORMAL INVESTIGATION OF THESE SCHEMES

*As increasing numbers of people suffer in the credit crunch and face repossession, they may be tempted into "Sale & Rent Back" arrangements. The equity release trade body SHIP welcomes the OFT announcement today and calls for full regulation of all these potentially risky schemes as soon as possible*

SHIP (Safe Home Income Plans) today confirms that it is lobbying the Government to introduce appropriate regulations and controls for the growing 'Sale & Rent Back' sector. The trade body has already expressed its concerns in meetings with the DWP and FSA, and will be meeting with other Government departments - including the OFT - shortly to push its case for urgent action.

Sale and Rent Back schemes involve a company buying your home usually for significantly less than it is worth (typically 60 - 75% but it can be lower than this), and then allowing you to continue living in the property, but only by paying full market rent and often only protected by a shorthold tenancy agreement.

The target market for these schemes is primarily people who are financially distressed - either sinking in unsecured debt, or more commonly fearful of having their home repossessed. With the UK's debt crisis growing steadily and the number of people facing serious debt issues or repossession, SHIP is worried about the complete lack of regulation around the Sale & Rent Back market, which is leaving these vulnerable people unprotected. There is a very serious risk that people reeling from financial worries will sign up for these schemes without fully understanding the implications.

Whilst there are some better quality schemes offered, too many Sale & Rent Back schemes fail to provide any long term security of tenure, leaving customers at risk of being forced out of their own home within 6 to 12 months of selling. This can happen either through big rent increases, the Sale & Rent Back provider selling the property on quickly as many do, or even the provider no longer trading and their lender repossessing the home.

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

*“We are not saying all Sale & Rent Back schemes should be shut down, but we do feel very strongly that they all need to be regulated in the same way that other significant financial arrangements are, such as real equity release products, mortgages, investment products etc.*

*Given the increasing numbers of people facing big debt problems, in many cases including the possible repossession of their home, it is vital that the Government takes very urgent action before larger numbers of people fall for the apparent 'quick fix' of Sale & Rent Back without appreciating the risks. When these people subsequently realize they have jumped from the frying pan into the fire, it will be too late - and there is no simple recourse open to them.”*

SHIP is the leading trade body for providers of regulated equity release products. The body champions high standards of delivery to consumers by maintaining a mandatory set of minimum standards for all its members, above and beyond those required by the Financial Services Authority (FSA). All SHIP-approved equity release products - both lifetime mortgages and home reversions - are regulated by the FSA.

**- ENDS -**

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## **Notes for Editors**

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers, representing the interests of its members and championing high standards of delivery to the consumer through a mandatory set of minimum standards that all members must meet. It was launched in 1991 to promote safe schemes and currently 90% of the equity release market (in volume terms) is made up of SHIP members.

SHIP's members: Bridgewater Equity Release, Bristol & West Mortgages, Coventry Building Society, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, LV, More2Life, Mortgage Express, National Counties Building Society, New Life Mortgages, Norwich Union, Northern Rock plc, Partnership Home Loans, Prudential, Retirement Plus, Standard Life, Stonehaven Equity Release, Stroud & Swindon Building Society.