



Embargoed to: 29 September, 2004

SHIP LAUNCHES STRINGENT NEW HOME REVERSIONS CODE TO PROTECT CONSUMERS

UK equity release industry body, SHIP (Safe Home Income Plans), is launching a tough new Code of Practice for home reversions, covering advice and sales, and complaints and compensation, and supported by a heavyweight Complaints Board.

The new Code comes into effect on 31 October and will offer SHIP home reversion customers the highest possible level of protection until this part of the equity release industry comes under full FSA regulation. It will ensure that consumers and brokers can have full confidence in SHIP home reversion products.

Central to the Code is the establishment of a powerful and high calibre Complaints Board. The Board will handle any home reversion consumer complaints that cannot be resolved by a member company and will be able to authorise compensation and fines of up to £25,000 for an upheld complaint. The Board Chairman is John Hill, a retired former partner of actuaries Watson Wyatt, and the Chairman of the Institute of Actuaries' Designated Professional Bodies Committee, which licenses and regulates actuarial firms. He has extensive experience of the equity release industry.

The Board also comprises Bob Bullivant, Deputy Director General of CII and Managing Director of SOFA; Paul Smee (Director General, AIFA); Mervyn Kohler, Head of Public Affairs at Help the Aged; and Jon King, Chairman of SHIP. The quality of the Board underlines the strength of the new Code of Practice, and the financial services sector's commitment to it.

In summary, the Code will offer consumers and financial intermediaries the following benefits and protection:

Advice and Sales:

- A comprehensive schedule of advice that must be provided by IFAs and direct sales forces before a SHIP member company home reversion product can be purchased.

- The customer must confirm in writing that all steps in the advice process have been covered.
- The SHIP member company providing the home reversion product will be responsible for ensuring that both the advice has been provided and customer signature received before a sale is made.

Complaints and compensation:

- A Reversion Complaints Board with an independent Chairman, to investigate customer complaints that cannot be satisfactorily resolved by the relevant SHIP member company or SHIP Chairman.
- Free service.
- Awards of up to £25,000 may be made for upheld claims, or made in fines to the SHIP member company at fault.
- The Complaints Board will have the authority to make recommendations to the SHIP board regarding members' conduct.
- A client guide to the new procedure will be available from 1 November 2004.

Jon King, Chairman of SHIP said:

“SHIP has been an active consumer watchdog since its inception in 1991 and is dedicated to raising sales and complaints handling to stringent new levels. The Code of Practice has been designed to bridge the gap until FSA regulation is introduced and we firmly believe that it will give great confidence in home reversions to both consumers and brokers. Since the FSA announced in May that it would eventually regulate home reversions, sales of the schemes have increased and I expect that the launch of this new Code will see the trend escalate.”

John Hill, Chairman, Reversions Complaints Board said:

“I believe that equity release products are a valuable facility in personal financial planning, and that it is desirable that a full range of such products should be available. It is important that potential clients should be confident that equity release providers will adhere to high standards in the marketing and administration of their product. The creation of the Complaints Board is designed to give potential clients that confidence.”

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Notes to Editors:

About SHIP:

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers, representing the interests of its 18 members who provide home income and equity release plans. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.

In 1991 SHIP was launched to promote safe schemes. The founder members were Allchurches Life, Hodge Equity Release, Home & Capital Trust and GE Life. SHIP's current 17 members are: Abbey, Bridgewater, Ecclesiastical Life, GE Life, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Key Retirement Solutions, Legal & General (until 30 September), Mortgage Express, National Counties Building Society, New Life Mortgages, Northern Rock, Norwich Union, Portman Building Society, Prudential, Standard Life, Stroud and Swindon Building Society.

Since 1991 SHIP has enabled the home income plan market to expand successfully and safely. Surveys carried out by member firms point to over 98% of plan holders being happy with their plans.

SHIP is dedicated entirely to the protection of planholders and promotion of safe home income and equity release plans. SHIP's aim is to reassure the general public that by appointing a SHIP member to represent them they will receive in return the highest level of integrity and service, combined with a fair, straightforward full presentation of their plans. Each SHIP member, is bound by a vigorously enforced Code of Practice and adheres to professional Rules of Conduct. This code has been welcomed by Age Concern. Any scheme endorsed with the SHIP logo will be properly explained and safe. A SHIP plan guarantees

that you cannot lose your home – whatever happens to the stock market or interest rates.

SHIP has played a vital role in the development of a safe equity release market in the UK to date and is best placed and committed to leading the market and protecting consumers interests going forward.

From 31 October, Lifetime Mortgages will be regulated by the FSA along with all other mortgages. However, FSA regulation will not cover product design, thus the SHIP Code will remain as valid as ever in providing comprehensive consumer protection.

SHIP welcomed the Government's decision (10th May) to regulate home reversion schemes, which will mean that all equity release products will be offered with the same market framework and consumer protection. The decision followed a lengthy consultation process, during which SHIP had argued for Government adoption of regulation on home reversion schemes as vital to ensure that consumers benefit from a fair choice of products and prevent unauthorised providers from entering the market.