



SHIP WELCOMES FSA CONSULTATION PAPER ON SALE AND RENT BACK REGULATION

(6th February 2009) Andrea Rozario, Director General, SHIP (Safe Home Income Plans), comments on the FSA's (Financial Services Authority) decision to regulate sale and rent back:

“SHIP fully supports the consultation paper published today by the FSA setting out their proposals to take a two stage approach to regulating the sale and rent back sector.

“SHIP has publicly argued for Government adoption of regulation on sale and rent back schemes over the past year and whilst it is likely that there will be increasing numbers of customers who will want to tap into the equity in their home, for various reasons, it is essential that people are aware of all of their options and the risks associated with whichever path they choose.

The concern held by SHIP members has been over the lack of information given to customers about the risks associated with Sale and Rent back; regulation of this sector will address this as providers will be required to be clear about the risks involved. Ultimately people need choice but they need to make informed decisions after consideration of all of their options

“The FSA proposal to start a regulatory regime this summer, and follow up with full regulation next year is certainly a step in the right direction and is to be commended. There is obviously a clear understanding of the urgency of this matter as economic conditions worsen and more people are in need of releasing equity.

“To avoid confusion, there are two main clear differences between regulated equity release plans provided by SHIP members and sale and rent back schemes. The two main differences consumers should take note of are:

- Security of tenure: all regulated equity release products provided by SHIP members give the customer the right to live in their homes for life***
- No monthly rent: The plans provided by SHIP members do not require regular monthly payment from customers.”***

To help consumers, SHIP has made available a sale and rent back checklist, available at www.ship-ltd.org.

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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.