



Guernsey Financial  
Services Commission

Consultation Paper

# Equity Release

**Consultation paper on proposed amendments to the Lending, Credit & Finance  
Rules and Guidance**

**18 December 2024**



## **What is the purpose of this paper?**

To set out and consult on the proposed changes which are required to introduce equity release arrangements to Guernsey's Lending, Credit and Finance regime. This includes changes to the Commission's existing Lending, Credit and Finance Rules and Guidance.

## **Who might benefit from reading this paper?**

This will be of interest to existing home finance providers, lenders and brokers, anyone offering later life lending arrangements and anyone seeking to enter the market to provide such services in the Bailiwick of Guernsey. It will also be of interest to financial advisers and to anyone considering taking out equity release finance in connection with their property. The scope of potential feedback is not limited to those identified above and the Commission welcomes feedback from any interested stakeholders.

## **How to respond**

Feedback may be provided via the Consultation Hub section of the Commission's website ([www.gfsc.gg](http://www.gfsc.gg)).

Responses to this Consultation Paper are sought by 28 February 2025.

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# 1. Introduction

## 1.1 Aims

Equity release arrangements are financial products that aim to permit homeowners to extract capital from their property without selling it outright, or to benefit from selling a share of their property, while still continuing to enjoy lifetime occupancy of their home. They can continue to live in their home until their death or they move permanently into care. Such arrangements are aimed at, and generally restricted to, older customers and can be useful for those who are asset rich whilst having a modest income. This is more often the case for homeowners over the state pension age who are retired.

The purpose of the proposed changes is:

- To provide a regulatory framework that will encourage providers of home finance or later life lending to offer such services in the Bailiwick;
- To safeguard the interests of customers who enter into equity release arrangements; and
- To ensure that equity release providers can lend with certainty.

The existing LCF regime came into effect on 1 July 2023, under the scope of *The Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022* (the “LCF Law” or the “Law”).<sup>1</sup> The Law covers a wide range of activities; however, because of other financial crime-related priorities, equity release was not, at the time, included in that framework. Provision was made within both the Law and the Commission’s framework to extend its scope to cover equity release.

At its meeting on 5 November 2019,<sup>2</sup> the States of Guernsey carried the proposal to amend customary law, to enable equity release mortgages to be offered in Guernsey. The Commission has subsequently been asked to develop a comprehensive regulatory regime that introduces appropriate consumer safeguards and facilitates the provision of equity release products for customers in the Bailiwick of Guernsey.

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<sup>1</sup> [The Lending, Credit and Finance \(Bailiwick of Guernsey\) Law, 2022](#)

<sup>2</sup> [States Meeting on 5 November 2019](#) (Budget and Non-contributory benefit rates for 2020) (Billet d'État XXI) - States of Guernsey

## 2. Background

### 2.1 What is equity release?

Equity release (“ER”) allows homeowners to release some of the value tied up in their home. It is a product available to older (generally retired) people who have limited incomes and considerable housing equity. Customers can receive cash releases whilst continuing to live in their home, until they die or permanently move into long-term care.

Customers can use the funds released for whatever purpose they choose. Common uses of equity release include debt consolidation, home improvements, supplementing income in retirement and making early inheritance arrangements for family members (“gifting”). Products are not generally permitted to be taken out for speculative purposes.

ER products come in two types:

- **Lifetime mortgages:** Customer retains full ownership of their home; provider issues a loan that is secured against the value of the customer’s property. Lifetime mortgages are also sometimes referred to as reverse mortgages.
- **Home reversion plans:** Customer sells all or part of their home in return for lifetime enjoyment.

In the UK, the majority of ER products taken out by customers in recent years are lifetime mortgages. Home reversion plans were more common historically but are now offered by fewer providers.

#### 2.1.1 Lifetime Mortgages (“LM”)

A lifetime mortgage is a loan secured against a borrower’s home. Repayment of the capital and interest are not due until the last borrower dies or enters long-term care. The loan is repaid from the proceeds of the sale of the customer’s property. In these arrangements, the customer retains full ownership of their home and therefore solely benefits from all subsequent increases in its market value.

The interest payable on a lifetime mortgage typically “rolls up” – this means that it accrues on a compounding basis from the outset of any release of funds. If the loan is in place for many years, then the rolled-up interest accrued can lead to considerable repayment obligations; this can erode the value of a customer’s estate. The customer may have difficulty downsizing if they have held an equity release product for many years, as there may not be enough equity in the original property to cover the purchase of a smaller property.

Lifetime mortgage customers can choose to release equity in different ways:

- **Lump sum lifetime mortgages:** the provider releases all of the cash in one go.
- **Drawdown lifetime mortgages:** the provider releases a small amount of cash at the outset of the loan and creates a cash reserve facility for the remaining equity to be released from – this is effectively a “pot” of cash set aside, from which the customer can choose to draw down smaller amounts of equity, as and when needed.
- **Income lifetime mortgages:** the provider periodically pays the customer an income for the duration of the product (for example, every month). At present, no income lifetime mortgage products are available in the UK market.

Lump sum arrangements tend to have lower fixed interest rates than drawdown arrangements, but because interest is applied to the full lump-sum, customers end up owing more than an equivalent drawdown product. Conversely, with drawdown products, customers take an initial sum and have the option to release further amounts as needed. Interest accrues only on the money released.

Traditional LM products do not require borrowers to make any payments until they die or move into long-term care. However, some LM products include a “mandatory payment” feature, which is aimed at counteracting the issue of large interest amounts accruing. These products require the borrower to make regular interest payments for a set number of years from the loan’s outset. This allows the borrower to pay some of the interest on the loan before the arrangement is converted to a traditional lifetime mortgage. Please see section 3.4 of this CP for more details regarding mandatory payment lifetime mortgages (“MPLMs”).

The LM market is constantly evolving. Various innovative features having emerged in recent years, including inheritance protection, removal of early repayment charges, energy performance discounts and enhanced lifetime mortgages.

### 2.1.2 Home Reversion Plans (“HRP”)

Unlike LMs, where the customer retains full ownership but accrues interest charges on the amount advanced, HRP arrangements involve a customer selling a percentage (or all) of their property at the outset of the arrangement, at a discount to the market value. In return, the customer is given lifetime occupancy of the property and a cash lump sum, a fixed income for the rest of their life or a combination of the two. Occasionally, HRPs can incur small rental fees, which are payable by the customer, but generally the cost to the borrower is reflected in the discounted value applied to the sale.

In the UK, home reversion plans are now much less popular than lifetime mortgages and rare for new arrangements, but there is still a significant pool of products in existence. This is in part because people often prefer to retain full ownership and control of their property. HRP products are less widely available, as some large providers have stopped offering them. However, depending on economic conditions, and in particular, on interest rates, there are circumstances where, because they do not suffer from the compounding effect of interest charges, they may offer better value for some customers than lifetime mortgages.

Given that the ownership of the property is transferred at the outset, HRPs are not loan arrangements and there is no interest payable on the amount of cash released. The provider is remunerated from having bought its share of the property at a discount to the market value, as well as benefitting from any increase in the value of its share of the home increasing in line with the housing market. When the customer dies or moves into long-term care, the property is sold and the provider takes its share from the proceeds of the sale.

### 2.1.3 “Viager”

Viager is a traditional form of equity release, used in France. The term has also been translated into Guernsey practice in a handful of cases. In a viager arrangement, a customer sells their home at a substantial discount to the market price at the time of the sale, in return for lifetime enjoyment, generally while maintaining responsibility for the upkeep and repair of the property.

Such arrangements fall within the definition of home reversion plans, and as such, any new viager arrangements will be within scope of the LCF Law.

## 2.2 Regulation of equity release

There are many aspects of ER that require a homeowner's careful consideration. ER products are complex, long-term financial products and can significantly impact the value of a customer's estate. Regulatory controls are needed to protect the consumer by ensuring that brokers, advisers and providers treat customers fairly and fulfil specific obligations when issuing information or advice on equity release products.

In the UK, there is a multi-layered approach to oversight of equity release. The UK FCA provides supervisory regulation, while the industry's representative body (the Equity Release Council ("ERC")) further raises standards through self-regulation. We aim for the Bailiwick regulatory regime to encompass both FCA and ERC requirements, to reflect provisions in the UK and thereby facilitate equivalence. To achieve this, we have drafted detailed additions (and some minor amendments) to *The Lending, Credit and Finance Rules and Guidance, 2023* (the "LCF Rules" or the "Rules"), which draw upon the FCA's requirements. We have additionally encompassed the framework established and overseen by the ERC into a single "Equity Release Code of Practice" which will be included within our rules.

## 2.3 Stakeholder engagement

Between May and October 2024, the Commission carried out extensive stakeholder engagement to gather insights to inform the establishment of an equity release regime in the Bailiwick. In that period, thirty stakeholder meetings took place between the Commission and local home finance providers, relevant States of Guernsey bodies, local charities representing people of retirement-age, UK-based providers, UK-based advisers and intermediaries.

We have taken the views of stakeholders into consideration, and we hope that our proposed regime reflects the majority of views shared with us. The main themes that emerged during this consultation were:

- Most local home finance providers had, at best, limited interest in providing equity release products.
- Several UK-based providers would consider offering their products within the Bailiwick if there was a regulatory regime at least equivalent to the UK's Financial Conduct Authority's.
- Some local providers were concerned about the potential high risks to consumers, and were keen to see a regulatory regime focused on protecting local consumers.
- Providers had a positive view of the UK Equity Release Council's industry standards.
- Stakeholders felt strongly that customers should only receive advice from a suitably qualified adviser.
- Stakeholders emphasised the importance of ensuring that advice is holistic and takes into consideration any aspect of a customer's life that could be impacted by equity release.



Stakeholders also put forward several suggestions regarding the proposed regime, which included:

- Requiring that all customers seeking an equity release product should be designated as vulnerable customers, because they are likely to be so at some point during the life of the product.
- Family members/potential inheritors should at least be made aware of the equity release arrangement's existence.
- Equity release products must be offered only on an advised basis.

## **2.4 Summary of proposals**

Given that the most likely source for firms entering the market is likely to be the UK, and following stakeholder engagement both locally and with UK firms and the ERC, the Commission considers that the approach most likely to facilitate entry into the market is to adopt a regulatory approach which mirrors the UK and permits equivalence for UK firms to enter the market.

With that in mind, it is proposed that we adapt and integrate rules equivalent to the UK, and the industry standards set out by the Equity Release Council. This approach is equivalent to the UK regulatory regime, while also providing Bailiwick consumers with the protections afforded under the ERC's industry standards. The ERC's industry standards, designed to protect consumers, include restrictions on interest rates, the right to live in the property for life (subject to certain conditions), the right to move to an alternative property (subject to certain conditions), a "no negativity equity guarantee", and the right to make penalty-free repayments.

In keeping with the need to protect consumers, the proposed rules also place a number of particular requirements on advisers within the equity release market. Advisers must: hold a suitable qualification; provide an accurate "key facts illustration" and ensure the customer understands its contents; and assess a customer's circumstances, including the potential impact a product may have on their future financial position and estate.

The proposed equity release regime will need to be ratified, by regulations issued by the States of Guernsey Policy & Resources Committee, into the existing LCF Law. These amendments will bring the provision of lifetime mortgages and home reversion plans, and advice on equity release, into the Law's licensing requirements.

## 3. The UK Market

### 3.1 History of equity release in the United Kingdom

Equity release products first became available in the UK market in the 1960s, with the launch of a home reversion plan product in 1965. It was initially a niche, unregulated market with a small number of financial products. This lack of controls led to unscrupulous lending practices and homeowners being defrauded in some cases.

In the 1990s, an independent trade body for the sector, the ERC, was established with the aim of protecting consumers through self-regulation, setting product and conduct standards for the industry. The ERC's membership, as at May 2024, comprises 750 firms and 1,800 individuals. In 2004, the Financial Services Authority (the former incarnation of the FCA) began regulating equity release products, publicly recognising them as “high-risk”<sup>3</sup>, with the aim of raising standards and supporting a more transparent sector. Home reversion products were included in the regulatory regime from 2007.

From 2006–2013, the UK equity release market was worth approximately £750 million – £1 billion<sup>4</sup> per year, with growth perhaps hindered by lingering consumer suspicion of the unregulated practices that made headlines pre-2004. In 2014, ten years on from the regulatory regime being established, the market started expanding rapidly, reaching around £5 billion in 2022.

The regulated UK equity release market now includes several standard features for the benefit of the consumer. Among these are capped variable interest rates; fixed interest rates for the lifetime of the product; the legal right to remain in the property for life; the right to move to a suitable alternative property if desired; no negative equity guarantees; penalty-free payments are often possible to enable some of the loan to be repaid to lessen the impact on the estate; and drawdown or lump-sum options. These features have made the market more flexible, more attractive and more consumer focused.

The equity release sector has evolved significantly since its inception. Effective regulation by the FCA, and self-regulation by the ERC, has led to a market with appropriate regulatory standards. Due to the unique nature of equity release's ability to impact intergenerational wealth, it is UK practice that customers notify, and (where appropriate) involve, their beneficiaries early on, to ensure that all parties are aware of what is being agreed to. This can reduce the likelihood of complaints arising when the product is due for repayment. Some instances of “bad press” surfacing can stem from products that were sold to customers prior to regulatory controls being introduced in 2004.

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<sup>3</sup> [‘Equity release regulation confusion’](#) BBC News, 22 August 2003

<sup>4</sup> [Legal Guide to Equity Release](#) (ERC, 2024)

## 3.2 The UK market structure

The UK equity release market consists of the following:

### 1. Funders

Funders provide the funding to equity release providers. They are insurance companies, bulk purchase annuity insurers or capital funder entrants. Within the UK, it is common for intra-group funding to take place (meaning that the provider is effectively “self-funded”).

### 2. Providers

Providers underwrite and provide equity release transactions to customers. For a lifetime mortgage, this means that the provider acts as the lender and takes security over a customer’s home. For a home reversion plan, the provider purchases its interest in a customer’s home in return for cash and lifetime occupancy. A provider will maintain an ongoing relationship with a customer for the life of the equity release product, until the property is sold, and all debts are settled.

### 3. Intermediaries/Brokers

While some providers offer products directly to customers, in many cases products are sold on a commission basis by a network of financial advisers approved by each equity release provider. Brokers/intermediaries, who are authorised as advisers, are responsible for giving customer-specific recommendations regarding equity release, and for arranging (or assisting to arrange) a transaction on a customer’s behalf. Within the UK, equity release financial advice is given either face-to-face or via telephone call. Some UK equity release advisers operate with sole tie relationships to certain providers, whereas others compare products across a broader range of the market.

### 4. Additional advisory services

There are a range of additional services (including the provision of independent legal advice or property valuation), which also occur in respect of equity release transactions, adjacent to the financial services listed above.

## 3.3 Oversight of the UK market

### 3.3.1 The Financial Conduct Authority (“FCA”)

The FCA regulates provision of and advising on equity release within the UK.

#### Permissions

The FCA definition for “equity release transactions”<sup>5</sup> encompasses both lifetime mortgages<sup>6</sup> (which are, in turn, a form of regulated mortgage contract)<sup>7</sup> and home reversion plans.<sup>8</sup> Specifically, the definition of a home reversion plan is taken from the Regulated Activities Order.<sup>9</sup>

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<sup>5</sup> FCA definition of “[equity release transaction](#)”

<sup>6</sup> FCA definition of “[lifetime mortgage](#)”

<sup>7</sup> FCA definition of “[regulated mortgage contract](#)”

<sup>8</sup> FCA definition of “[home reversion plan](#)”

<sup>9</sup> See article 63B(3) of the [Financial Services and Markets Act 2000 \(Regulated Activities\) Order 2001](#)

The FCA issues permissions for the following equity release-specific regulated activities:

- |           |   |  |   |
|-----------|---|--|---|
| Providers | { | <ul style="list-style-type: none"><li>• Entering into a regulated mortgage contract (when carried on in relation to a lifetime mortgage).</li><li>• Entering into a home reversion plan.</li></ul> | } |
| Advisers  | { | <ul style="list-style-type: none"><li>• Advising on regulated mortgage contracts (when carried on in relation to a lifetime mortgage).</li><li>• Advising on a home reversion plan.</li></ul>      | } |

Additionally, the FCA issues permissions in respect of execution-only equity release activities. However, as discussed in section 4.5.2 of this CP, we propose to prohibit execution-only sales for equity release.

### The FCA register:

The FCA's Financial Services Register publicly records all UK-authorized equity release providers and advisers.

Authorized adviser firms must assess and/or certify any individual adviser who operates under them, and they must confirm the specific equity release activities that the individual undertakes. The Financial Services Register publishes the names and activities of all such individual equity release advisers.

### FCA Rules:

Among other requirements, authorized equity release providers and advisers must specifically comply with the FCA's MCOB sourcebook. Various rules pertain to equity release transactions in much the same way that they do for standard mortgage contracts. However, certain rules are replaced by equity release-specific requirements, and others impose additional requirements. Of these, some of the most pertinent obligations include:

- **Advised sales**  
Authorized firms must not enter into or arrange execution-only sales for equity release transactions unless a customer has rejected advice, identified the product they wish to purchase and positively elected to proceed with an execution-only sale.<sup>10</sup>
- **Qualifications**  
Individuals must hold certain qualifications to advise and/or arrange/bring about equity release transactions.<sup>11</sup>
- **Product disclosure requirements**  
MCOB 9 sets out specific requirements relating to the contents and accuracy of illustrations for equity release transactions, as well as pre- and post-sale disclosures.<sup>12</sup>
- **Suitability requirements**  
Authorized firms must consider specific factors when assessing whether an equity release transaction is appropriate to the needs and circumstances of the customer, including considerations relating to the customer's tax position, means-tested benefits, product features, estate preferences, repercussions of debt consolidation and further advances, etc.

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<sup>10</sup> [MCOB 8.6A](#).

<sup>11</sup> [TC Appendix 1](#) of the Training and Competence ("TC") sourcebook.

<sup>12</sup> [MCOB 9](#)

### 3.3.2 The Equity Release Council (“ERC or the “Council”):

The ERC is the representative body for the UK’s equity release industry. Its membership covers an array of firms and professionals operating within and adjacent to the industry, from providers and advisers to solicitors and surveyors. It additionally offers support to policy makers, with the intention of raising and improving consumer awareness and understanding of issues such as product risks and benefits.

The Council aims to promote high standards of conduct and practice within the industry, with a central focus on consumer safeguarding.<sup>13</sup> Whilst ERC membership is voluntary, members are bound by compliance with the standards set out in the Council’s Part A document, which consists of overarching principles, required customer outcomes and member rules. Members are additionally steered towards high-quality service by guidance and good practice examples set out in the Council’s Part B document.

Member rules are broad reaching; however, the ERC identifies the following to be particularly fundamental aspects of its regime<sup>14</sup>:

- **Product standards**
  - Right to reside in the property for life
  - Right to move / portability
  - Right to make penalty-free payments
  - Capped or fixed interest rates
  - No negative equity guarantee
  
- **Independent legal advice**

Face-to-face, independent legal advice must be obtained and evidenced before an equity release plan can be completed. The legal adviser is responsible for setting out the legal obligations, risks and rewards of an equity release product. The process additionally provides further safeguarding protections, to ensure that the customer is willing to enter into the product, understands the product and its implications, and that they are not being placed under any pressure or duress by a third party.
  
- **Information about and explanation of an equity release plan**

Advisers must give customers a fair, simple and complete presentation and explanation of the plan. This must cover topics such as all associated costs, tax implications, what happens if the customer wishes to move house and how house value changes could affect the plan.

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<sup>13</sup> [About - Equity Release Council](#)

<sup>14</sup> [Equity Release Council - standards](#)

### 3.4 Product Standards

Encompassed within the ERC's member rules are two sets of product standards: the core product standards and the product standards for mandatory payment lifetime mortgages.<sup>15</sup> The ERC's product standards set out fundamental equity release product features that promote good customer outcomes.

The ERC does not prevent provider members from offering products that do not comply with all of the applicable product standards. According to the ERC's member rules, if a product does not meet all of the relevant product standards, then the product literature must explicitly state which product standards are not met, and it must illustrate how this exposes a customer to any associated risks.

#### **Core product standards:**

The ERC's core product standards are applicable to all relevant equity release products, excluding mandatory payment lifetime mortgages. They are summarised below:

1. For lifetime mortgages, the rate must be fixed for each release or, if variable, it must be capped for the life of the loan.\*
2. The consumer must have the right to remain in their property for life or until they need to move into long-term care, provided the property remains their main residence and they abide by the terms and conditions of their contract.
3. The consumer must have the right to move to another property as long as certain criteria are met, such as the new property being acceptable to their product provider as continuing security for their equity release loan.
4. The product must include a no negative equity guarantee. This means that when the property is sold, and agents' and solicitors' fees have been paid, even if the amount left is not enough to repay the outstanding loan, plus interest, to the provider, neither the consumer nor their estate will be liable to pay any more.\*
5. Customers must have the right to make voluntary penalty-free repayments, subject to lender criteria.\*

*\* By the nature of the product, these product features cannot be applied to home reversion plans.*

#### **Product Standards for mandatory payment lifetime mortgages:**

During 2023, a new type of lifetime mortgage product entered the UK market: "mandatory payment lifetime mortgages" ("MPLM"), or "payment-term lifetime mortgages". These are alternative solutions for younger equity release customers that can offer greater flexibility than other products in the later-life lending market. Providers often extend mandatory payment lifetime mortgages at a higher loan-to-value ratio than that of typical lifetime mortgages.

Repayment of interest for a typical lifetime mortgage is entirely voluntary throughout the entire loan period, and any unpaid interest is rolled up and due when the contract ends. Mandatory payment lifetime mortgages are distinct from typical lifetime mortgages, because they require customers to commit to make interest repayments for a specified term (the "mandatory payment period"). It is important to note that if a customer fails to keep up with interest repayments during

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<sup>15</sup> See more details regarding the ERC's product standards within [Part A of its 'Our Standards' document](#).

the mandatory payment period, they could be at risk of having their home repossessed. After the mandatory payment period has ceased, the arrangement converts to a typical lifetime mortgage.

*Example: Mrs. Le Page currently works full-time and would like to take out an equity release product to gift some cash to her children. She enters into a lump-sum MPLM when she is 50 years old. Under the terms of the agreement, she must make interest payments on the loan throughout the mandatory payment period; if she doesn't, then there is a risk that the equity release provider could repossess her home.*

*For Mrs. Le Page, the mandatory payment period runs for 15 years (until she retires aged 65). From this point onwards, and for the remainder of her lifetime, there is no requirement for her to make any more interest payments. Instead, any interest accrued after the mandatory payment period has ended is rolled up and payable later, at the point when she passes away or moves permanently into long-term care.*

Given the nature of mandatory payment lifetime mortgages, the product features available are materially different than those available for traditional lifetime mortgages. For example, for a mandatory payment lifetime mortgage, any arrears plus arrears interest accrued during the mandatory payment period (that remain outstanding when the contract ends) must (in the UK) be repaid by the estate. It is not possible to encompass these specific debts within the no negative equity guarantee, as they are deemed to be a default on the contract; as such, these debts must be paid by the estate. Nonetheless, the no negative equity guarantee can still be applied to any interest accrued after the mandatory payment period has ended.

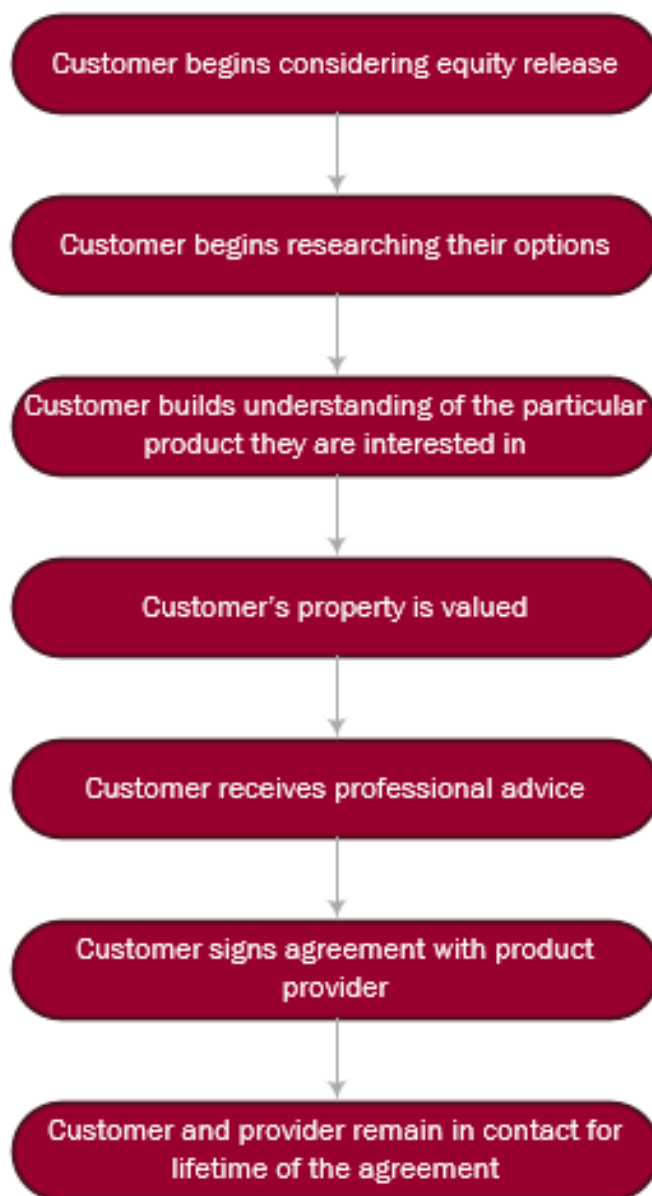
In light of these nuances, the ERC has created a separate set of product standards that are specific to mandatory payment lifetime mortgages, adapted from the core product standards (differences underlined):

1. For lifetime mortgages, the rate must be fixed for each release or, if variable, it must be capped for the life of the loan.
2. The consumer must have the right to remain in their property for life or until they need to move into long-term care, provided the property remains their main residence and they abide by the terms and conditions of their contract including making mandatory payments as agreed.
3. The consumer must have the right to move to another property as long as certain criteria are met, such as the new property being acceptable to their product provider as continuing security for their equity release loan.
4. The product must include a no negative equity guarantee. This means that when the property is sold, and agents' and solicitors' fees have been paid, even if the amount left is not enough to repay the outstanding loan, plus interest, to the provider, neither the consumer nor their estate will be liable to pay any more. With the exception of arrears plus arrears interest for mandatory payment lifetime mortgages which must be paid by the estate.
5. For lifetime mortgages, customers must have the right to make voluntary penalty free repayments, at least once the mandatory payment period has ended, subject to lender criteria.

### 3.5 Customer journey

In the UK, the customer journey from initial enquiry through to completion typically lasts 2-3 months<sup>16</sup>. This timescale reflects the considerable volume of information that must be gathered and understood, and the many factors that must be assessed and reflected on by the customer. Equity release is a high-risk financial product which can impact the customer, and their family, in unexpected ways, so the process is approached slowly, with careful consideration at every stage.

A typical customer journey should include the following stages:



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<sup>16</sup> [Equity release and alternative products. A consumer perspective on experiences and outcomes](#) (FCA Financial Services Consumer Panel - March 2022)



The professional advice stage is key in all equity release customer journeys and can make the difference between an arrangement meeting a customer's needs or not. Usually, the advice process should work as follows:

**1. Initial meeting**

The adviser finds out about the customer's circumstances and requirements and discusses the options available, including other later-life lending options.

**2. Fact-finding**

The adviser compiles information about the customer's age, health, financial position, will, whether there is a Power of Attorney/Lasting Power of Attorney in place, details of the property, benefit entitlements, and credit history, etc.

**3. Product research**

If the customer still wants to proceed, the adviser searches for suitable equity release products.

**4. Written advice**

The adviser meets with the customer again to present their recommendations, along with an illustration of how the arrangement would work.

**5. Application**

If the customer wishes to proceed, the adviser completes an application form with personal details and paperwork (such as proof of identification and address).

**6. Valuation**

The adviser arranges for a surveyor to do a valuation visit to the customer's property.

**7. Offer**

The customer is issued with an equity release product offer, including full terms and conditions, for their approval.

**8. Legal advice**

The customer's solicitor receives a copy of the offer. The customer and their solicitor meet to discuss the independent legal advice and (if the customer wishes to proceed) the solicitor witnesses the signing of any offer documents.

**9. Completion**

The solicitor transfers funds to the customer.

## 4. Proposals

### 4.1 Summary

As discussed previously, the Commission aims to create a regulatory regime under which Bailiwick consumers can access equity release (including both lifetime mortgage and home reversion plan products) that is suitable for their needs and affords them an appropriate level of consumer protection. The Commission proposes the following changes:

- **Amendments to the LCF Law:**  
The States of Guernsey Policy & Resources Committee intends to amend the LCF Law so that providing equity release and advising on equity release are regulated activities, requiring a licence.
- **New Rules for equity release providers and advisers**  
The Commission proposes to add a new section (7A) to the LCF Rules, which will include rules for both ER providers and advisers, along with section 8A, which will include additional rules specifically for ER advisers.
- **Code of Practice**  
The Commission proposes to include within the rules a “Equity Release Code of Practice” for providers and advisers as part of the LCF Rules. This is based on the ERC Standards which will include the ERC product standards, such as the “no negative equity guarantee”.
- **Consequential amendments to the LCF Rules**  
In addition, the Commission proposes to make a number of consequential changes to LCF Rules so that they work in line with the new equity release requirements.

This section of the paper will highlight the main changes and new rules the Commission is proposing. All of the proposed amendments can be found in the attached documents.

As discussed earlier, the regulatory regime for ER that the Commission is proposing is closely based on the regime in the UK, which is made up of the FCA’s rules and the ERC’s Standards. This is to enable UK ER providers to enter the market with as little friction as possible. Given the relatively small potential market for ER in the Bailiwick, additional barriers, like a different regulatory regime, will make it less likely for a UK provider to enter the market.

The Commission’s proposal to add two new standalone sections to the LCF Rules for ER may result in some overlap with the existing rules. However, we have structured the amendments in this way to avoid complicating any relevant existing rules. Doing so additionally enables us to use ER-specific language and guidance that UK providers will be familiar with; this should reduce friction between the two regimes.

## Consultation questions

### Respondents are asked to comment on:

- 1. Is the approach with respect to mirroring the UK regulatory regime appropriate?**  
If not, what would be a more appropriate approach?
- 2. Is the level of consumer protection appropriate?**  
If not, what alternative requirements should be considered?
- 3. Are the requirements for the information to be given to customers appropriate?**  
If not, what alternative requirements should be considered?

## 4.2 Equivalence

### 4.2.1 Existing equivalence arrangements

An equivalence regime already applies under the existing LCF framework; this means that firms which are regulated in jurisdictions designated by the States of Guernsey as having equivalent consumer protections to the Bailiwick of Guernsey's LCF regime, and have provided appropriate notification to the Commission, do not require a separate licence to conduct the relevant business within the Bailiwick. At present, the UK is the only equivalent jurisdiction.

Under the existing arrangements, equivalence is only available to a person who:

- Does not have a physical presence in the Bailiwick of Guernsey;
- Is located in an equivalent jurisdiction;
- Is authorised by their home regulator to provide services that would fall into Part II of the Law (i.e., credit or services ancillary to credit); and
- Has notified the Commission that they intend to offer those services to customers located within the Bailiwick.

The Commission has the power to issue directions (under section 39 of the Law), which may require firms to conduct business in a specific manner or prohibit individual activities from being undertaken in connection with the Bailiwick.

### 4.2.2 Equivalence arrangements for equity release under the LCF Law

As discussed in section 2.4 of this CP, the Regulations will amend the definitions of “credit” and “regulated agreements” under Part II of the Law to include equity release agreements. Consequently, persons authorised to provide equity release in the UK will be eligible to operate in the Bailiwick under the equivalence regime going forward.

Nonetheless, the FCA has published findings highlighting the importance of ensuring that customers access good quality advice, which is specific to customers' individual circumstances.<sup>17</sup> Disappointingly, these publications indicated that evidence of poor practice is still prevalent within the UK equity release advice market.<sup>18</sup>

Stakeholders have likewise emphasised to us the significance of ensuring that equity release advice is holistic; this means that it should take into consideration any aspect of a customer's life that could

<sup>17</sup> [The equity release sales and advice process: key findings | FCA \(2020\)](#)

<sup>18</sup> [Review of later-life mortgages finds poor advice and misleading promotions | FCA \(2023\)](#)

be impacted by an equity release product. Noting this feedback, we are concerned that UK advisers would be unable to offer fully informed and truly holistic advice to Bailiwick customers, given that they would lack local-specific knowledge of important factors. There are notable differences between the two jurisdictions in a wide range of relevant considerations, including: inheritance laws; tax implications; state benefits; the property market; property legislation; customary legislation, etc.

Moreover, it is unlikely that face-to-face advice would be a feasible option where advisers are based in the UK, given the associated costs and practicalities. We have concerns that this could impose a barrier to certain customers – particularly those who show indications of vulnerability and/or who may not feel comfortable obtaining advice over the telephone.

The Commission therefore considers it appropriate that any equity release advice must be provided in conjunction with persons or bodies resident in Guernsey and which hold a Part II licence under the Law and will use its powers of direction to ensure this is the case if required. In other words, this means that the provision of equity release products would only be permitted where issued directly through, or jointly with, a locally licensed adviser.

#### 4.2.3 Equivalence with the ERC's framework

The Commission acknowledges that there is likely to be a limited number of locally licensed equity release providers, owing to the lack of existing market. Provision of equity release from established UK providers into the Guernsey market would therefore bring about healthy competition and expand consumer choice. Accordingly, we consider it appropriate that the equivalence regime be as frictionless as possible for UK providers, to minimise any additional barriers to market entry.

By far the majority of authorised equity release providers in the UK are members of the ERC. The ERC mandates that its provider members only accept business where they are satisfied that an adviser has followed the ERC rules and has taken account of the relevant guidance. Additionally (at present), ERC members must only accept applications for business from FCA-authorised firms.

The Commission intends that its regulatory regime should reflect the protections afforded by the ERC's rules because:

1. The rules mandated by the ERC encompass fundamental consumer protections which the Commission considers to be appropriate for the local equity release market; and
2. Enabling a framework with protections equivalent to those mandated by the ERC should facilitate and enable ERC member firms to accept business from any firms appropriately licensed by the Commission; this, in turn, would facilitate the opportunity for UK equity release providers to market their products locally.

#### Consultation question

<b>Respondents are asked to comment on:</b>
<p><b>4. Is it reasonable to require all equity release arrangements to be advised by a locally licensed equity release adviser?</b> If not, what alternative approach should be used?</p>

### 4.3 Changes to existing rules

Alongside the new, equity release-specific sections that will be added to the LCF Rules, there will be changes to some existing rules.

This section of the CP sets out the proposed changes, the relevant sections, and the rationale.

#### **Rule 2.14 – Qualifications:**

There is already a requirement that individuals providing advice in respect of home finance agreements hold an appropriate qualification, as listed on the Commission’s website (these are currently known as “Approved Qualifications”). Going forward, these qualifications will specifically be referred to as “Approved Home Finance Qualifications”.

We will additionally impose a requirement for licensees to ensure that any individual providing advice in respect of equity release agreements, or approving equity release agreements on behalf of the licensee, holds an Approved Equity Release Qualification alongside an Approved Home Finance Qualification.

Going forward, Approved Equity Release Qualifications and Approved Home Finance Qualifications will together be known as “Approved Qualifications”.

Similarly to Approved Home Finance Qualifications, a list of the Approved Equity Release Qualifications will be located on the Commission’s website. Please see Appendix 1 and Appendix 2 of this CP for relevant amendments.

Equity release products can be complicated and assessing their suitability for any particular customer can require the consideration of multiple different factors and circumstances, alongside expertise in that particular market. This additional requirement will make the Bailiwick’s Rules equivalent to the UK in this respect.

#### **Rule 3.2.3 – Suitability:**

Currently, Part II licensees do not need to comply with the suitability requirements set out in Rule 3.2.3 where a customer is a High Net Worth Individual (“HNWI”). We propose to amend this sub-rule such that licensees must apply the suitability requirements when dealing with any equity release arrangements (regardless of whether the customer is a HNWI or not).

#### **Rule 7.8 – Cooling-off period:**

Further to the above, we similarly propose to amend Rule 7.8 such that Part II licensees must apply the cooling-off period requirements when dealing with any equity release arrangements (regardless of whether the customer is a HNWI or not).

#### **Rule 8.2 – Provision of advice:**

A requirement is to be added dealing with instances where a joint application for an equity release product is made. An ancillary service provider must ensure that both customers are involved in and have a voice in discussions regarding the agreement.

An ancillary service provider will also be required to ensure that both customers have read and understand all the information provided to them.

## **Rule 12.1 – Interpretation:**

For clarity, definitions will be added for the roles of ‘equity release adviser’, ‘equity release ancillary service provider’, and ‘equity release provider’.

Definitions are also to be added for various types of equity release product:

- ‘Home reversion plans’;
- ‘Lifetime mortgages’;
- ‘Mandatory payment lifetime mortgages’; and
- ‘Retirement interest-only mortgages’.

These new definitions have been carried across to section 7.b(i)-(iii) of Schedule 2, Calculation of the Annual Percentage Rates (“APR”).

## **Schedule 3:**

In paragraph 2 to Schedule 3, the word ‘principle’ will be changed to ‘principal’, correcting the grammatical error.

## **4.4 New Requirements for all ER licensees**

### **4.4.1 New Rules**

#### **Age of customers**

Under the proposed new Rules, licensees will be required to include an assessment of the customer’s age when considering the suitability of ER. While we do not propose setting a minimum age in the Rules, in the guidance we note that ER is unlikely to be suitable for anyone under the age of 50. This is because of compound interest. The earlier in life ER is taken out, the longer it is likely to run, with each year increasing the amount of interest charged. This can reduce the value of the borrower’s estate and, combined with the NNEG, can significantly increase credit risk for the provider.

#### **Independent legal advice**

There was a consistent view from the stakeholders we met during our informal consultation process that independent legal advice is an important part of the advice process. This is also a strongly held view among both providers and advisers in the UK. It helps make sure the customer understands their legal position regarding ER and provides an independent check that the customer is competent and not being unduly influenced or coerced into making the agreement. It also offers a degree of comfort to the providers.

Under the proposed Rules licensees will need to confirm that the customer’s legal adviser has checked that their rights under the ER agreement are protected and that the customer or customers understand their rights and obligations regarding the agreement.

#### **Valuation**

The proposed Rules require that any valuation of a property is carried out by an independent valuer. The Code of Practice further specifies that the valuer should be a member of the Royal Institute of Chartered Surveyors.

In addition to the above, Part 7A of the proposed Rules also includes rules requiring licensees to treat their customers fairly, make sure their interests are protected and not levy excessive charges on them.

#### 4.4.2 Code of Practice

All licensees will also be required to act in accordance with the Equity Release Code of Practice set out in the Rules.

#### **Code of Practice**

The Code of Practice is split into 3 broad sections: overarching principles, outcomes and requirements for advisers and providers.

The principles and outcomes are a set of high-level principles that should guide licensees in their approach to ER and their customers. Their content should be familiar to licensees as they cover topics like the fair treatment of customers and providing suitable products that the customer understands.

### 4.5 New requirements for ER providers

#### 4.5.1 New Rules

##### **Partial Home Reversion Plans**

The proposed new rule will require licensees, at the end of a partial home reversion plan, to take steps to sell the property in a reasonable timeframe, for a good price and quickly return any excess to the customer (or their estate). This is similar to the requirement in the current rules regarding the sale of security (rule 7.10).

#### 4.5.2 Code of Practice

##### **Product standards**

As part of the aim to make the Bailiwick's equity release regulatory regime equivalent to that of the United Kingdom, the ERC's Core Product Standards for lifetime mortgages, along with its Product Standards for mandatory payment products, are being drawn together into a single, Equity Release Code of Practice that will be included in the main body of the Rules as a Schedule. Separating out these key requirements will ensure clarity and that they are easily readable and accessible. The Product Standards will be included within the Commission's rules, but with a provision to permit firms to "comply or explain" in order to allow firms to offer the full range of products available in the market and to reflect the requirements of the ERC's standards.

##### **Advised sales only**

One of the requirements in the Code for ER providers is that they only accept applications from customers that have received advice from an appropriately licensed firm whose individual advisers hold Approved Qualifications (including both an Approved Home Finance Qualification and an Approved Equity Release Qualification). Given that ER is a complicated, long-term financial product, it is important that customers receive good quality financial advice so that they understand the risks and consequences of ER and have considered any alternative options.

This section also sets out in more detail what the independent legal advice should cover and how confirmation that it has occurred should be communicated to the provider.

## Consultation question

<b>Respondents are asked to comment on:</b>
<b>5. Is it reasonable to require that the provision of all equity release products should be advised?</b>
If not, what alternative approach should be used?

### Drawdowns and further advances

Under the proposed Code, when equity release providers offer lifetime mortgages with drawdown facilities, they need to make sure customers understand the risks and impact of the arrangement and have sufficient capacity when further monies are drawn down, as well as at the point of sale.

In addition, where a customer seeks to arrange a further advance, under any type of ER product, which would result in a significant change to the terms of the product, the provider must ensure that the adviser and the customer are informed that this will happen.

## 4.6 New requirements for ER Advisers

### 4.6.1 New Rules

#### Suitability and advice

In addition to ensuring that any advice given regarding ER is suitable, as is required under the existing LCF Rules, the proposed new rules set out various factors that ER advisers must consider when assessing the suitability of ER. These factors include: the customer's future plans and needs, alternative means of raising funds, their preferences for their estate, and any adverse effect ER might have on their entitlement to means tested benefits or tax position. When advising on lifetime mortgages, advisers should also consider whether it is appropriate for the customer to pay any fees or charges upfront, instead of adding them to the amount borrowed, in order to reduce their interest cost.

#### Key-facts illustrations

Under the proposed new rules, advisers will be required to provide customers with a key-facts illustration that sets out the features, costs benefits and risks for the ER product they are recommending. Schedule 5 to the Rules will set out the information that must be included in the illustration and is based on the FCA's requirements, although the version in the proposed rules does not specify the format of the illustration, just its content.

In practice, we expect that advisers will use key fact illustrations issued by the ER provider, but the adviser will be responsible for making sure they are accurate. They will also need to make sure the customer understands the illustration.



## Consultation questions

Respondents are asked to comment on:
<p><b>6. Are the Rules in respect of equity release appropriate?</b> If not, please detail any specific amendments you would recommend to the proposed rules. Are there any additional considerations that should be made?</p> <p><b>7. Are the requirements placed on advisers reasonable?</b> If not, what alternative approach should be used?</p>

### 4.6.2 Code of Practice

#### Suitability

This part of the Code expands on the rules on suitable advice by requiring advisers to provide customers with a suitability report setting out their advice and recommendation in writing. It is important that customers are provided with clear information on the product being recommended and the reasons for the recommendation that they can take away and consider in their own time and make an informed decision. It is important that such assessments are specific to the individuals concerned and take account of their particular circumstances. A generic suitability report for classes of customers would not be appropriate or fulfil this requirement.

The Code also includes guidance on what should be included in the written advice, such as: the customer's needs and reasons for seeking ER (in their own voice), what alternatives to ER were considered and why they were not recommended, and why the product recommended is suitable.

#### Other requirements

Historically, there have been issues when an equity release customer has passed away and their family (or other inheritors) were not aware they had taken out equity release. In order to avoid this, the Code requires advisers to discuss the impact equity release will have on them and their family. In addition, advisers must provide an opportunity for the customer's immediate family members<sup>19</sup> to be included in the discussion of the impact of equity release. To be clear, customers do not need to include their family in any part of the process, but advisers should document whether family members were consulted, and if not, why not.

Similarly, the Code requires advisers to discuss updating or putting in place a will and updating or putting in place a power of attorney. Customers do not need to have a will or power of attorney in place in order to take out equity release, but advisers must raise it with them.

Given that the sales process for ER involves the customer receiving independent legal advice, there is a risk that conflicts of interest could arise by, for example, solicitors paying advisers a commission for referring customers to them, bringing the independence of the legal advice into question. To reduce this risk, the Code prohibits advisers from accepting payments from solicitors on a case-by-case basis.

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<sup>19</sup> Here, "family" is not defined and may be different in individual cases. We have clarified this in guidance, noting that the customers themselves should determine which family members are appropriate to include in discussions. This may, for example, include children, parents and/or siblings, as appropriate. We do not consider that the meaning of "family" should be as broad as the definition used elsewhere in LCF (e.g., for the s40 class exemptions for family lending).

## Consultation question

<b>Respondents are asked to comment on:</b>
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<b>8. Is the Code of Practice for equity release appropriate?</b>
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If not, what would be a more appropriate approach?
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### 4.7 Equity Release transactions by individuals

As noted within section 2.1.3 of this CP, the Commission is aware that a small number of home reversion plans (sometimes referred to as “viager”), have historically been entered into in Guernsey. We understand that these arrangements are very rare and are typically entered into as a private agreement between individuals, rather than as a product offered by a firm. In future, such arrangements will come within scope of the LCF Law. Therefore, a licence will be required in order to enter into a viager product as provider. To be clear, the licensing requirements for ER will not be applied retrospectively. The Commission will not require parties to obtain a licence for any existing home reversion/viager agreements.

If a person has provided a single ER agreement, then it would be disproportionate to require a person to hold a licence for the duration of the home reversion plan (which could be 20 plus years); conversely, by not regulating these one-off transactions, Bailiwick residents could be exposed to potentially unfair practices.

Instead of the above, the Commission proposes to allow individuals, who wish to provide a single home reversion/viager agreement, to apply for a limited permission in line with the relevant section of the LCF Law. The Commission may apply a number of conditions to the limited permissions to provide the customer with an appropriate level of consumer protection. These conditions could include, but would not be limited to, the following:

- Requiring that the recipient of the agreement receives advice, both financial and legal, as required by the proposed new Rules,
- Requiring that the recipient receives the same information about the agreement that they would receive from a licensee, and
- That the provider of the agreement follows the Code of Practice.

## Consultation question

<b>Respondents are asked to comment on:</b>
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<b>9. Is it appropriate to allow one-off transactions by individuals via applications for limited permissions and the application of conditions?</b>
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If not, what would be a more appropriate approach, and how should appropriate consumer protection be provided?
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## 5. Summary of questions

### 5.1 Summary of questions

No.	Question	Page
1.	<b>Is the approach with respect to mirroring the UK regulatory regime appropriate?</b> If not, what would be a more appropriate approach?	15
2.	<b>Is the level of consumer protection appropriate?</b> If not, what alternative requirements should be considered?	15
3.	<b>Are the requirements for the information to be given to customers appropriate?</b> If not, what alternative requirements should be considered?	15
4.	<b>Is it reasonable to require all equity release arrangements to be advised by a locally licensed equity release adviser?</b> If not, what alternative approach should be used?	16
5.	<b>Is it reasonable to require that the provision of all equity release products should be advised?</b> If not, what alternative approach should be used?	20
6.	<b>Are the Rules in respect of equity release appropriate?</b> If not, please detail any specific amendments you would recommend to the proposed rules. Are there any additional considerations that should be made?	21
7.	<b>Are the requirements placed on advisers reasonable?</b> If not, what alternative approach should be used?	21
8.	<b>Is the Code of Practice for equity release appropriate?</b> If not, what would be a more appropriate approach?	22
9.	<b>Is it appropriate to allow one-off transactions by individuals via applications for limited permissions and the application of conditions?</b> If not, what would be a more appropriate approach, and how should appropriate consumer protection be provided?	22

## 5. Next steps

The closing date for responses to this Consultation Paper is 28 February 2025.

The Commission will carefully review and consider all responses to the Consultation Paper before further progressing the Rules and the Code. Consultation feedback received will help to inform any revisions we may make to the proposed regime. We intend to publish a Feedback Paper setting out our considerations of the feedback received, alongside a final version of the Rules and Code, during Q2 2025. Amendments to the LCF Rules and Guidance will be made by Rules of the Commission.

The Commission will continue to work with the States of Guernsey Law Officers to amend the LCF Law and will assist with the customary law changes, as required. These legislative changes would be completed via regulations of the States of Guernsey's Policy & Resources Committee for the LCF Law changes and by an Ordinance for the customary law changes.

We intend that the new regime (including the implementation of the final, amended LCF Rules) will come into effect from 1 January 2026.

Prospective licensees who wish to provide equity release products or services ancillary to the provision of equity release products, from the implementation date will need to ensure that they allow sufficient time for their licence application to be considered. Similarly, equivalent firms located within the UK will need to ensure that they allow sufficient time to notify the Commission of their intention to operate within the Bailiwick.

## 6. Appendices

### 6.1 Glossary of terms

Term	Description
the Bailiwick	The Bailiwick of Guernsey
the Commission / GFSC	Guernsey Financial Services Commission
CP	Consultation Paper
ER	Equity release
ERC	Equity Release Council
FCA	Financial Conduct Authority
HNWI	High-net-worth individual
HRP	Home reversion plan
the Law / LCF Law	<i>The Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022</i>
LCF	Lending, Credit and Finance
LM	Lifetime mortgage
MPLM	Mandatory payment lifetime mortgage
NNEG	No-negative-equity guarantee
Part II	Regulation of credit business under the Law
Regulated Activities Order	<i>Financial Services and Markets Act 2000 (Regulated Activities) Order 2001</i>
RICS	Royal Institution of Chartered Surveyors
the Rules / LCF Rules	<i>The Lending, Credit and Finance Rules and Guidance, 2023</i>
Saisie	<i>Saisie Procedure (Simplification) (Bailiwick) Order, 1952</i>

## 7. Appendix 1: Approved Home Finance Qualifications

Further to section 4.3 of this CP, going forward, the Commission proposes to refer to the existing list of “Approved Qualifications” as “Approved Home Finance Qualifications”.

For the avoidance of doubt, the Commission has reviewed this list and proposes no changes in respect of the qualifications required for individuals advising on and approving home finance agreements on a licensee’s behalf.

The following qualifications<sup>20</sup> are required as per Rule 2.14.2 of the draft revised LCF Rules:

Chartered Banker Institute (Formerly the Chartered Institute of Bankers in Scotland)
Mortgage Advice and Practice Certificate
* Certificate in Mortgage Advice and Practice (MAPC) (Pre 16/09/2004)
MAPC bridge paper plus entry requirements (Pre 31/10/2004)
Chartered Insurance Institute
Certificate in Advanced Mortgage Advice
Certificate in Mortgage Advice
* Mortgage Advice Qualification (MAQ) plus entry requirements
Financial & Legal Skills Partnership (formerly the Financial Skills Partnership/Financial Services Skills Council (FSP/FSSC))
FLSP Level 3 Advanced Apprenticeship in Advising on Financial Products (Mortgage Advice Pathway) or Level 3 Advanced Apprenticeship in Providing Mortgage Advice
The London Institute of Banking & Finance (formerly the ifs University College and the ifs School of Finance/Chartered Institute of Bankers)
CeMAP Bridge paper plus entry requirements
Certificate in Mortgage Advice and Practice (Post 01/11/2004)
Diploma for Mortgage Advice and Practice DipMAP (plus entry requirements)
* Certificate in Mortgage Advice and Practice (CeMAP) (Pre 31/10/2004)

\* Where providing advice in respect of equity release agreements, or approving equity release agreements on behalf of a licensee, an individual does not additionally need to hold another qualification from the list of Approved Equity Release Qualifications.

<sup>20</sup> Data for activity number 20 (where no gap-fill required) in relation to advising or arranging *regulated mortgage contracts*, as per the [FCA’s Appropriate Qualification tables](#) as at 16 October 2024.

## 8. Appendix 2: Approved Equity Release Qualifications

Further to section 4.3 of this CP, the Commission proposes to mandate that any individual providing advice in respect of equity release agreements, or approving equity release agreements on behalf of a licensee, must hold **both** an Approved Home Finance Qualification **and** an Approved Equity Release Qualification<sup>21</sup>.

The following qualifications<sup>22</sup> are proposed as Approved Equity Release Qualifications, as per Rule 2.14.3 of the draft revised LCF Rules:

Chartered Banker Institute (Formerly the Chartered Institute of Bankers in Scotland)
Certificate in Mortgage Advice and Practice (MAPC) (Pre 16/09/2004)
Equity Release Mortgage Advice and Practice Certificate (ERMAPC)
Lifetime Mortgage Advice and Practice Certificate
MAPC Bridge paper plus entry requirements (Pre 16/09/2004)
Chartered Insurance Institute
Certificate in Equity Release (Formerly known as Certificate in Financial Planning and Lifetime Mortgages)
Mortgage Advice Qualification (MAQ) plus entry requirements
The London Institute of Banking & Finance (formerly the ifs University College and the ifs School of Finance/Chartered Institute of Bankers)
CeMAP bridge paper plus entry requirements (Pre 31/10/2004)
Certificate in Mortgage Advice and Practice (CeMAP) (Pre 31/10/2004)
Certificate in Regulated Equity Release (Formerly known as Certificate in Lifetime Mortgages)

<sup>21</sup> Except where the Approved Home Finance Qualification held is additionally listed as an Approved Equity Release Qualification.

<sup>22</sup> Data for activity number 21 (where no gap-fill required) in relation to advising on *equity release transactions*, as per the [FCA's Appropriate Qualification tables](#) as at 16 October 2024.