

FSA unveils new rules as it takes on reversion plans

HOME reversion plans, which allow elderly people to raise cash from their property by selling at least part of it, should become a safer equity release option from next year.

The Financial Services Authority (FSA) published its final rules for the regulation of home reversions this week – reversions will fall under its remit from 6 April next year.

This will put home reversions on a par with the other types of equity release – lifetime mortgages – which have been regulated since 2004.

One of the key benefits of the sector being governed by the FSA is that elderly, often vulnerable people will get access to greater protection.

David Borrowman, managing partner at solicitors Caesar and Howie, said: "Regulation is definitely a step forward and will help grow this market. We have a lot of clients who go for equity release and they tend to be switched on about what this involves and what they're look-

ELIZABETH DAVIDSON

ing for. A lot of folk don't have children and want to access the money in their house.

"It's becoming less of a trend for people to feel they have to leave an inheritance to their family, especially if the children are doing well for themselves."

But the Financial Services Consumer Panel (FSCP) is worried the FSA's rules do not go far enough.

It pointed out the rules will allow home reversions to be sold without advice and there will be one valuation of the property for both the consumer and the firm buying part of the property so the seller may not get the best price.

John Howard, chairman of the FSCP, said: "We have repeatedly stated our concerns to the FSA – these are complicated products purchased by elderly people who are often less able to look after themselves."