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Press Release

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Debt charity launches Equity Release company to help older debtors

Older debtors can now receive direct help from the Consumer Credit Counselling Service (CCCS), the UK's leading debt charity, which is launching a new subsidiary offering equity release without fees to clients in need.

CCCS Equity Release will allow its retired clients to deal with their debt problems and improve the quality of their life while keeping their home. It will help the charity to provide a more complete range of options and to match the solution better to each individual.

Until now, CCCS has referred clients who might benefit from equity release to a panel of advisers. From 2010, it will advise clients directly, having received authorisation from the Financial Services Authority.

In recent years, CCCS has seen a steady increase in the average age of clients coming to it for help with debts, with the proportion of clients aged 60 and over doubling from five percent in 2004 to ten percent in 2008. These clients tend to have higher debt levels and regularly undergo income fluctuations due to changes in circumstance, illness or retirement. Many are asset rich but cash poor and the only way they can realistically pay off their debts is by releasing equity locked in their property.

By providing equity release as a sustainable option, CCCS is ensuring that the charity's not-for-profit ethos helps protect vulnerable older debtors at whom

equity release products are aimed from the less scrupulous attentions of fee-charging organisations.

In the medium term, CCCS sees the need to transform the equity release market by creating a new model product. It will launch a study group to come forward with recommendations.

CCCS Equity Release has three important features which distinguishes it in the sector. First, there is no fee for advice to CCCS clients; secondly, its advisers are paid by means of salary with no commission, sales bonuses or sales targets; and thirdly, there is a detailed advice process and personal recommendation report to ensure its clients understand the implications of equity release.

The launch of CCCS Equity Release is supported by consumer champion Which?:

“Which? welcome the launch of this invaluable service and have already referred several older people struggling with debt who have called the Which? money helpline.

“The service will provide another vital source for clear, unbiased but high-quality advice on the tricky area of equity release for those in debt.”

Malcolm Hurlston, CCCS chairman, commented:

“The generation which cut its teeth on the credit card has reached retirement age with higher debts than previous generations. Thanks to the increase in home ownership, many of them have access to capital which can free them of unsecured debt and lighten their last years.

“The judicious use of equity release can transform the future for many older people and our aim is first, to make it available with the best possible guidance and secondly, to develop better equity release products to meet the needs we discern. I hope to announce the formation of an expert study group within the next weeks.”

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Contact

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Notes for editors:

1. Applicants for CCCS Equity Release will have to go through the same rigorous telephone reviews as any CCCS client, and will only be offered equity release products if it best suits their individual situation.
2. CCCS equity release will deliver a free, telephone based, ethical and customer dedicated equity release service, bringing the same qualities of expert and impartial advice to the equity release field that we have to the IVA field with our subsidiary CCCSVA.
3. CCCS Equity Release applicants will have to pay some small fees; most equity release providers will charge an arrangement fee of between £300 and £600 and a valuation fee of around £300, while legal costs typically range from £300 to £700 and buildings insurance will be £200 to £300 per year, depending on the property. Any money made will be covenanted back to the main CCCS charity to ensure its sustainability, and to keep CCCS as a fee-free entity.
4. CCCS is self-funding, retaining its independence and ensuring that its advice is always in the best interest of the client. CCCS aims to separate the “can’t pay” from the “won’t pay”.