

## Chapter 9

# Equity release: product disclosure

## 9.5 Disclosure at the offer stage for equity release transactions

### 9.5.1

**R**

- (1) ■ MCOB 6.1 to ■ MCOB 6.6 (with the modifications stated in ■ MCOB 9.5.2 R to ■ MCOB 9.5.4 R) apply to an *equity release provider* where the *home finance transaction* is an *equity release transaction*, except that those provisions that by their nature are only relevant to *regulated mortgage contracts* do not apply to *home reversion plans* (see ■ MCOB 9.1.2A G).
- (2) The table in ■ MCOB 9.5.2 R shows how the relevant *rules* and *guidance* in ■ MCOB 6 must be modified by replacing the cross-references with the relevant cross-references to *rules* and *guidance* in ■ MCOB 9.4, and ■ MCOB 9.5.
- (3) The table in ■ MCOB 9.5.3 R replaces certain *rules* and *guidance* in ■ MCOB 6 with *rules* and *guidance* from ■ MCOB 9.5.
- (4) The terms and expressions in the *rules* and *guidance* in ■ MCOB 6 that by their nature are only connected to *regulated mortgage contracts* must be replaced with the appropriate equivalent terms and expressions for *home reversion plans* (see ■ MCOB 9.3.1A G).

### 9.5.2

**R**

#### Table of modified cross-references to other rules:

This table belongs to ■ MCOB 9.5.1 R.

Subject	Rule or guidance	Reference in rule or guidance	To be read as a reference to:
Application: What?	MCOB 6.1.5R	MCOB 6	MCOB 6 as modified by MCOB 9.5
Content of <i>offer document</i>	MCOB 6.1.6G	MCOB 5.6	MCOB 9.4
Purpose	MCOB 6.2.1G	MCOB 6	MCOB 6 as modified by MCOB 9.5
General Records	MCOB 6.3.2R MCOB 6.4.3R		
Modifications to the <i>illustration</i>	MCOB 6.4.5G	MCOB 6.4.4R(5)(b)	MCOB 9.5.4R(6)(b)
Modifications to the <i>illustration</i>	MCOB 6.4.6R	MCOB 6.4.4(1)	MCOB 9.5.4R(1)
Modifications to the <i>illustration</i>	MCOB 6.4.6R(1) and (2)	MCOB 5.6	MCOB 9.4

Subject	Rule or guidance	Reference in rule or guidance	To be read as a reference to:
Modifications to the <i>illustration</i>	MCOB 6.4.7R	MCOB 6.4.4R(1)	MCOB 9.5.4R(1)
Modifications to the <i>illustration</i>	MCOB 6.4.7R(2)	MCOB 5	MCOB 9
Modifications to the <i>illustration</i>	MCOB 6.4.7R(3)	MCOB 5.6.73R to MCOB 5.6.83G	MCOB 9.4.72R to MCOB 9.4.82G
Modifications to the <i>illustration</i>	MCOB 6.4.7R(3)	MCOB 5.6.92R to MCOB 5.6.112G	MCOB 9.4.91R to MCOB 9.4.110R
Other information contained in the <i>offer document</i>	MCOB 6.4.13R	MCOB 5.6.122R	MCOB 9.4.126R
<i>Offer documents</i> in place of <i>illustrations</i>	MCOB 6.6.1R	MCOB 5.4 and MCOB 5.5	MCOB 5.4 and MCOB 5.5 as modified by MCOB 9

**9.5.3** **R** Table of rules in ■ MCOB 6 replaced by rules in ■ MCOB 9:

This table belongs to ■ MCOB 9.5.1 R

Subject	Rule	Rule replaced by
Modifications to the <i>illustration</i>	MCOB 6.4.4R	MCOB 9.5.4R

**9.5.4** **R** The *illustration* provided as part of the *offer document* in accordance with ■ MCOB 6.4.1 R(1) must meet the requirements of ■ MCOB 9.4, with the following modifications:

- (1) the *illustration* must be suitably adapted and revised to reflect the fact that the *firm* is making an offer to a *customer* and updated to reflect changes to, for example, for a *lifetime mortgage* the interest rate, charges, the exchange rate or the APR required by ■ MCOB 10 (Annual Percentage Rate) at the date the *illustration* is issued;
- (2) the *illustration* must be based on the example term estimated in accordance with ■ MCOB 9.4.10 R;
- (3) ■ MCOB 9.4.2 R(2)(a) does not apply;
- (4) ■ MCOB 9.4.17 R (Information to be included at the head of the *illustration*) does not apply;
- (5) Section 1: 'About this information' is replaced by the following: "Section 1: 'About this offer document'. Under the section heading 'About this offer document', the following text must be included:
  - (a) "You are not bound by the terms of this offer document until [insert relevant circumstances, including the names of any documents that must be signed. For example "you have signed the legal charge and the funds are released for your lifetime

mortgage"] or "you have signed the agreement to sell your property to the reversion provider"]. We are required by the Financial Conduct Authority (FCA) - the independent watchdog that regulates financial services - to provide you with this offer document."

- (b) (unless the offer document is being provided in place of an *illustration*) "You should compare this offer document with the key facts illustration given to you before you applied for this [lifetime mortgage] [home reversion plan], to see how the details may have changed."
- (6) either:
- (a) The heading for Section 2 is replaced with 'Which service did we provide you with?' and the following text should be presented as two options each with a 'check box', one of which must be marked prominently to indicate the level of service provided to the *customer*: "We have recommended, having assessed your needs, that you take out this [lifetime mortgage] [home reversion plan]." "We have not recommended a particular [lifetime mortgage] [home reversion plan] for you. You must make your own choice whether to accept this [lifetime mortgage] [home reversion] offer."; or
  - (b) if the service described in Section 2 of the earlier *illustration* was provided by another *firm*, the heading for Section 2 is replaced by 'Which service were you provided with?' and the following text should be presented as two options each with a 'check box' one of which must be marked prominently to indicate the level of service provided to the *customer*: "[name of firm] recommended that you take out this [lifetime mortgage] [home reversion plan]." "[name of firm] did not recommend a particular [lifetime mortgage] [home reversion plan], for you. You must make your own choice whether to accept this [mortgage] [home reversion] offer.";
- (7) the fees recorded in the *illustration* that is part of the *offer document* must include any fees paid or payable by the *customer*;
- (8) any requirements to disclose whether a fee is refundable must be read as including fees that have already been paid;
- (9) [deleted]
- (10) for a *lifetime mortgage*:
- (a) where additional features are included in accordance with ■ MCOB 9.4.91 R and these are credit facilities that meet the definition of a *regulated credit agreement* regulated by the Consumer Credit Act 1974 and the *Act*, the relevant parts of Section 14 of the *illustration* that is part of the *offer document* must include the following text: "This credit facility is regulated under the Consumer Credit Act 1974 and the Financial Services and Markets Act 2000. Please refer to the separate credit agreement which describes the facility and the terms on which the credit is available.";
  - (b) The text required by ■ MCOB 9.4.102 R (2)(a) or ■ MCOB 9.4.102 R (2)(b) should be adapted to include, or tell the

*customer* where they can find, the information required by  
■ MCOB 6.5.4 R; and

- (c) ■ MCOB 9.4.119 R and ■ MCOB 9.4.120 R apply to the *illustration* that is part of the *offer document* if the *illustration* given out in accordance with ■ MCOB 9 was issued by, or on behalf of, a *mortgage intermediary*.

**9.5.5**

**R** For *home reversion plans*, the *firm* must provide the *customer* with copies of the valuation report for the property and the terms of the *home reversion plan* including the terms on which he will occupy the property, together with the *offer document*.