

Chapter 8

Equity release: advising and selling standard

8.3 Application of rules in MCOB 4

8.3.1	R	<p>(1) (a) Subject to (c), ■ MCOB 4.1 to ■ MCOB 4.6A (with the modifications stated in ■ MCOB 8.3.2B R to ■ MCOB 8.3.4 R) apply to a <i>firm</i> where the <i>home finance transaction</i> is a <i>lifetime mortgage</i>.</p> <p>(b) ■ MCOB 4.1 to ■ MCOB 4.4A (with the modifications stated in ■ MCOB 8.3.2B R to ■ MCOB 8.3.4 R) apply to a <i>firm</i> where the <i>home finance transaction</i> is a <i>home reversion plan</i>, except for those provisions that by their nature are only relevant to <i>regulated mortgage contracts</i>.</p> <p>(c) ■ MCOB 4.6A applies to a <i>lifetime mortgage</i> only if it is not an <i>interest roll-up mortgage</i>.</p> <p>(2) The table in ■ MCOB 8.3.3 R shows how the relevant <i>rules</i> and <i>guidance</i> in ■ MCOB 4 must be modified by replacing the cross-references in that chapter with the relevant cross-references to <i>rules</i> and <i>guidance</i> in ■ MCOB 8.</p> <p>(3) The table in ■ MCOB 8.3.4 R replaces certain <i>rules</i> and <i>guidance</i> in ■ MCOB 4 with <i>rules</i> and <i>guidance</i> from ■ MCOB 8.</p> <p>(4) The terms that by their nature are relevant only to <i>regulated mortgage contracts</i> must be replaced with the appropriate equivalent terms and expressions for <i>home reversion plans</i>.</p>
8.3.1A	G	The <i>rules</i> and <i>guidance</i> that are not relevant to <i>home reversion plans</i> are those related, for example, to interest rates, <i>APR</i> , <i>higher lending charge</i> , <i>mortgage credit cards</i> , multi-part mortgages and foreign currency mortgages.
8.3.1B	G	<i>Firms</i> should substitute equivalent home reversion terminology for <i>lifetime mortgage</i> terminology, where appropriate. Examples of terms and expressions that should be replaced in relation to <i>home reversion plans</i> are 'loan' or 'amount borrowed', which should be replaced with 'amount released' or 'amount to be released', as appropriate, and ' <i>mortgage lender</i> ' and ' <i>mortgage intermediary</i> ' which should be replaced with ' <i>reversion provider</i> ' and ' <i>reversion intermediary</i> '.
8.3.2	R	[deleted]
8.3.2A	G	[deleted]

8.3.2B **R** For the purposes of **■ MCOB 4.4A.2R (1)** there is one relevant market for *equity release transactions*. Accordingly, a *firm* offering a *customer* only *lifetime mortgages* or only *home reversion plans* must include in its disclosure under **■ MCOB 4.4A.1R (1)** that it is limited in that regard in the range of products that it can offer to the *customer*.

8.3.2C **G** In the light of **■ MCOB 8.3.2B R**, a *firm* may wish to consider using a sentence appropriate to the circumstances, along the following lines:

- “We offer a comprehensive range of equity release products from across the market.”
- “We sell home reversion plans only and not lifetime mortgages, though we will consider all home reversion plans available in the market.”

8.3.3 **R** **Table of modified cross-references to other rules: This table belongs to **■ MCOB 8.3.1 R**.**

Subject	Rule or guidance	Reference in rule or guidance	To be read as a reference to:
Additional disclosure for <i>distance mortgage mediation contracts</i>	<i>MCOB 4.5</i>	<i>MCOB 4</i>	<i>MCOB 4 as modified by MCOB 8</i>

8.3.4 **R** **Table of rules in **■ MCOB 4** replaced by rules in **■ MCOB 8**: This table belongs to **■ MCOB 8.3.1 R**.**

Subject	Rule(s)	Rule(s) replaced by
Advised sales	MCOB 4.7A	MCOB 8.5A
Execution-only sales	MCOB 4.8A	MCOB 8.6A