

Chapter 8

Equity release: advising and selling standard

8.3 Application of rules in MCOB 4

8.3.1

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- (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 *firm* where the *home finance transaction* is a *lifetime mortgage*.
- (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 *firm* where the *home finance transaction* is a *home reversion plan*, except for those provisions that by their nature are only relevant to *regulated mortgage contracts*.
- (c) ■ MCOB 4.6A applies to a *lifetime mortgage* only if it is not an *interest roll-up mortgage*.
- (2) The table in ■ MCOB 8.3.3 R shows how the relevant *rules* and *guidance* in ■ MCOB 4 must be modified by replacing the cross-references in that chapter with the relevant cross-references to *rules* and *guidance* in ■ MCOB 8.
- (3) The table in ■ MCOB 8.3.4 R replaces certain *rules* and *guidance* in ■ MCOB 4 with *rules* and *guidance* from ■ MCOB 8.
- (4) The terms that by their nature are relevant only to *regulated mortgage contracts* must be replaced with the appropriate equivalent terms and expressions for *home reversion plans*.

8.3.1A

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The *rules* and *guidance* that are not relevant to *home reversion plans* are those related, for example, to interest rates, *APR*, *higher lending charge*, *mortgage credit cards*, multi-part mortgages and foreign currency mortgages.

8.3.1B

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Firms should substitute equivalent home reversion terminology for *lifetime mortgage* terminology, where appropriate. Examples of terms and expressions that should be replaced in relation to *home reversion plans* are 'loan' or 'amount borrowed', which should be replaced with 'amount released' or 'amount to be released', as appropriate, and '*mortgage lender*' and '*mortgage intermediary*' which should be replaced with '*reversion provider*' and '*reversion intermediary*'.

8.3.2

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8.3.2A

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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</i> as modified by <i>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