

## Chapter 9

# Equity release: product disclosure

## 9.9 Disclosure after sale: home reversion plans

### Provision of statements: instalment reversion plans

- 9.9.1 **R** (1) In relation to an *instalment reversion plan*, a *firm* must provide the *customer* with a statement at least once a year (or, in relation to the first statement, within the first 13 months of the plan term):
- (a) covering the *instalment reversion plan* and any *tied product* purchased through the *firm*; and
  - (b) giving information of any other product purchased through the *firm* where the payments for those products are combined with amounts released under the *instalment reversion plan*.
- (2) A *firm* need not provide a statement if it has provided an *offer document* to the *customer* in respect of the *instalment reversion plan* within the previous year.

- 9.9.2 **R** Where a *tied product* is operated separately from the *instalment reversion plan*, for example where the premiums on a tied insurance product are not combined with amounts released under the *instalment reversion plan*, the statement relating to the *tied product* may be provided in a separate communication.

### Annual statement for instalment reversion plans: content

- 9.9.3 **R** The statement must contain:
- (1) details of the following transactions during the period since the last statement (or, where it is the first statement, since the *customer* entered into the *instalment reversion plan*):
    - (a) the date and amount of each payment made by the *reversion provider*; and
    - (b) any amounts charged under the *instalment reversion plan* during the statement period, including fees and any amounts due in relation to *tied products*;
  - (2) information at the date the statement is issued on:
    - (a) the amount owed by the *reversion provider* to the *customer* under the *instalment reversion plan*;
    - (b) if the amount to be received by the *customer* under the *instalment reversion plan* is linked to the performance of another

investment, the amount to be received (or estimated amount likely to be received) by the *customer*;

- (c) the actual remaining term of the *instalment reversion plan* (but if the term of the *instalment reversion plan* is open-ended this should be clearly stated);
- (d) where applicable, the date on which the requirement for the *customer* to purchase any *tied products* from the *firm* ends; and
- (e) the proportion of the property that is owned by the *reversion provider* and *reversion occupier* respectively.

**Annual statement for instalment reversion plans: additional content if tariff of charges has changed**

**9.9.4** **R** If the *tariff of charges* has changed since the last annual statement was sent to the *customer* (or, where it is the first statement, since the *customer* entered into the *instalment reversion plan*) and a *firm* has not already sent a revised *tariff of charges*, it must include one with the annual statement.

**Event-driven information for instalment reversion plans: material changes**

**9.9.5** **R** A *firm* must give the *customer* reasonable notice of any material change by the *firm* to the terms of the *instalment reversion plan*, where the change is permitted without the *customer's* prior consent.

**Responsibilities of reversion providers and administrators: instalment reversion plans**

**9.9.6** **R** The *reversion administrator* and *reversion provider* may agree who will be responsible for producing and providing to the *customer* the statement and information required by this section.

**9.9.7** **R** The *reversion administrator* is solely responsible for producing and providing to the *customer* the information required by this section if the provider is an *unauthorised reversion provider*.

**Further releases: all home reversion plans**

**9.9.8** **R** If the *customer* wants to release further equity from the property through a *home reversion plan*, the *firm* must treat this transaction as a new *home reversion plan*, even if the parties to the arrangement are the same.