

Chapter 14

Guidance on home reversion and home purchase activities

14.1 Background

Q1. What is the purpose of these questions and answers (“Q&As”) and who should be reading them?

These Q&As are aimed at *persons* involved in the provision or promotion of financial arrangements involving the acquisition or disposal of land for the purpose of enabling an individual:

- to purchase a property; or
- to raise funds from the equity in a property that he already owns, other than by means of a traditional mortgage.

They are intended to help such persons understand whether they will, as a result of the Regulation of Financial Services (Land Transactions) Act 2005 and secondary legislation made following that Act:

- be carrying on a *regulated activity* and need *authorisation* or exemption under section 19 of the Financial Services and Markets Act 2000; or
- be subject to the restriction on *financial promotions* in section 21 of the Financial Services and Markets Act 2000.

The Q&As complement the general *guidance* on regulated activities, which is in Chapter 2 of our Perimeter Guidance Manual (■ PERG 2), the general guidance on regulated mortgage activities in Chapter 4 (■ PERG 4), the general guidance on financial promotions in Chapter 8 (■ PERG 8) and the relevant legislation.

The Q&As that follow are set out in sections:

- general issues (■ PERG 14.2);
- activities relating to home reversion plans (■ PERG 14.3);
- activities relating to home purchase plans (■ PERG 14.4);
- activities relating to regulated sale and rent back agreements (■ PERG 14.4A);
- the ‘by way of business’ test (■ PERG 14.5);
- carrying on a regulated activity in the United Kingdom (■ PERG 14.6);
- exemptions (■ PERG 14.7);and
- financial promotions (■ PERG 14.8).