keyfacts

About our Equity Release Services

Philip J Milton & Company Plc
& Company Plc
Established 1985

Philip J Milton & Company Plc
Choweree House
21 Boutport Street
Barnstaple
North Devon
EX31 1RP
Tel: 01271 344300

1. The Financial Conduct Authority (FCA)

The FCA is the independent watchdog that regulates financial services. Use this information to decide if our Services are right for you.

2. Whose products do we offer?

- [x] We offer lifetime mortgages from the whole market.
- [ ] We only offer mortgages from a limited number of lenders.
- [ ] We only offer mortgages from a single lender.
- [x] We do not offer home reversion plans.

3. Which service will we provide you with?

- [x] We will advise lifetime mortgages and make a recommendation for you on lifetime mortgages after we have assessed your needs.
- [ ] You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of lifetime mortgages that we will provide details on. You will then need to make your own choice about how to proceed.

4. What you will have to pay us for this service?

- [ ] No fee.
- [x] A time-costed fee. Whether you proceed with the application for a lifetime mortgage, you will pay us a time-costed fee for our advice and services, which will become payable on completion of our work. If we also receive any payment from the lender when you apply for a lifetime mortgage, we shall pass on the full value of that to you in one or more ways. For example, we could reduce our time-costed fee or refund the payment to you.

We will agree the rate we will charge before beginning work. Our typical charges (which are subject to review over time) are:

Director /Financial Adviser	£250 per hour
Paraplanner	£150 per hour
Administrator	£125 per hour

Any work conducted on a time-costed basis is subject to a minimum charge of 3 minutes and in 3 minute increments thereafter. The hourly charge-out rate includes advising, attending on you, dealing with documents, correspondence, specific technical research, telephone calls, support staff, travelling and specific waiting time, etc.

You may ask us for an estimate of how much in total we might charge. This will be subject to a minimum fee of either £375 or 0.4% of the loan amount if higher. If we are unable to identify terms better than those offered by your existing lender, our fee will be capped at the time cost to that point. You may also ask us not to exceed a given amount without checking with you first. You will not incur any fee until you accept our terms first.

You will receive a key facts illustration when considering a particular lifetime mortgage which will tell you about any fees relating to it.

5. Who regulates us?

Philip J Milton & Company Plc is authorised and regulated by the Financial Conduct Authority. Our FCA Register number is 181768.

You can check this on the FCA's Register by visiting the FCA's website www.fca.org.uk/consumers or by contacting the FCA on 0800 111 6768.

6. What to do if you have a complaint

If you wish to register a complaint, please contact us:

...in writing	Write to Philip J Milton & Company Plc, Complaints Department, Choweree House, 21 Boutport Street, Barnstaple, Devon EX31 1RP
...by telephone	Telephone 01271 344300

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

7. Are we covered by the Financial Services Compensation Scheme (FSCS)?

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Equity release advising and arranging is covered for 100% of £50,000.

Further information about compensation scheme arrangements is available from the FSCS.

Message from the Financial Conduct Authority.

Think carefully about this information before deciding whether you want to go ahead.

If you are at all unsure about which equity release option is right for you, you should ask your adviser to make a recommendation.

What is Equity Release?

Lifetime Mortgage Schemes

This is one of the most popular types of scheme currently. You take out a mortgage against a percentage of your property according to strict loan-to-value limits based on age, typically 20% at age 60, to 40% at age 80-plus. The interest rate is fixed. No repayments are due until the house is sold on your death or when you go into long-term care.

At this point you repay the loan plus compounded interest. Interest rates are currently around 5% to 7%. In extreme conditions, this could reduce residual property value to zero.

Home Reversion Plans

You sell all or part of the value of your house in exchange for a lump sum. The lump sum will represent 30% to 60% of the house value, depending on your age.

On death or going into long-term care the home reversion company takes the agreed percentage of the equity. Reversion guarantees that the residual percentage of the property's value will be untouched.

Home Income Plans

These are the schemes which caused problems in the 1980s. You take out a mortgage, use the money to buy an annuity (income for life) then use the annuity to pay off the mortgage, leaving some money left over as extra income. Some placed the capital into investments instead.

These became less popular after the 1999 Budget which removed tax relief on mortgage interest payments, though one or two are still available.

Appreciation Mortgage Schemes

A cross between roll-ups and reversions. This is z mortgage scheme in which a lower rate of interest is paid in exchange for a share of any growth in the property's value.

Shared Appreciation Mortgages

These were offered briefly in 1998 by Barclays and Bank of Scotland but are not currently available. They were loan schemes when the loan was repaid by giving the lender a percentage share in the growth of property's value. They were not portable and have proved very costly due to the property price boom.

How much cash can be released?

Naturally, the older you are the higher the benefit that can be released in relation to the value of your home. This is because the term of the loan will be based on your life expectancy (the life expectancy of the youngest applicant in the case of a joint application).

Who is eligible to apply for a plan?

The Mortgage Option can be arranged for either one or two people, who own and live permanently in their own home, which is located in England, Scotland or Wales. Plans are available to couples, relatives or friends. NB: Where there are two applicants the property Title must be held in joint names.

The property must be in sound condition and of standard construction. If any essential repairs are identified when the property is inspected, release of the cash sum (or an appropriate part of it) may be withheld until they are complete.

If the property is leasehold, typically there must be at least 75 years left to run on the lease. If there is an outstanding mortgage or charge, it must be low enough to be repaid from the cash sum expected at completion, unless redeemed earlier from your own funds.

Commercial property, freehold flats, sheltered (or wardened) units, prefabricated concrete panel or mobile homes are generally not acceptable.

Can further advances be arranged?

You may apply for further advances with some accounts at a later stage, but eligibility may depend upon:

- The amount of the existing loan and interest already secured against your home.
- The maximum percentage of the property value you can release depending on your age at the time.
- Whether you have sufficient equity left in the property.
- The lending criteria at the time of application.

A surveyor may be asked to revalue your property at your expense. Interest on any new loan will be charged at the interest rate applicable at the time.

Can the loan be repaid at any time?

If you wish, the loan and interest may be repaid at any time. If this is within an initial period as identified by the specific product literature provided to you however, an early repayment charge may apply.

This fee may be waived in certain circumstances however, such as if you repay the mortgage after moving into long-term care on medical or other specialist advice.

What about moving house?

You should be free to transfer your plan to a new home of your choice, so long as it provides adequate security for the Equity Release Plan. If the loan and the interest you owe is more than the amount you are eligible to borrow on the value of the new home, you may need to make a repayment of your existing loan from your sale proceeds. If you move to a higher value home, no repayment will be necessary. You will also be responsible for any costs related to the transfer, including solicitors' fees for work, which they will need to carry out (even if the move falls through).

What would happen to the plan on marriage (or re-marriage) in the future?

If a single planholder marries, it may be possible to revise the terms of the plan to give the new partner a right of occupation. The new occupant will need to meet the age requirement for the plan and, if younger than the planholder, a part-repayment may be due. This will be calculated by taking into account the amount of the loan and interest outstanding.

If a right of occupation is not required, the new partner is likely to have to sign an agreement to vacate should the planholder die or move out permanently.

What happens if the property is vacated, or I die?

You, or your personal representatives, should arrange for the sale of the property as soon as it is clear that your occupation has ceased. Interest will continue to be added to the loan until it is repaid. To avoid the risks associated with vacant property, and the accumulation of interest, the earlier it is sold, the better.

The loan, interest outstanding, plus any fees and expenses related to the sale will be due to the lender from the sale proceeds. The balance of the sale proceeds will remain with you or form part of your estate.

Should your absence be due to an extended holiday, or a term of hospital care, for example, the lender may simply require your confirmation that the property would be adequately secured during this period.

What if the value of the property doesn't cover what I owe at the end of the plan?

Many lenders now guarantee that if the proceeds from the sale of your property are insufficient to pay off your liability, no further sum will be payable by you. This will ensure that no outstanding mortgage debt is left to you or your estate.

Alternatively, if on sale of your property the net proceeds are more than the outstanding balance on the loan and accrued interest on it, the lender will account to you or your estate for the surplus.

What is the Equity Release Council?

The Equity Release Council Standards Board exists to ensure that equity release products are safe and reliable for consumers. It sets the Code of Conduct, standards and principles for members of the Equity Release Council. Through this board, members are able to guarantee their customers that they offer products and services which conform to the best practices of the sector, ensuring customers are fully informed and increasingly protected. Equity Release providers should be able to confirm if they apply these required standards and we seek to ensure they do as part of our advice process.