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Sale and Rent Back Study  
Office of Fair Trading  
Fleetbank House  
2-6 Salisbury Square  
London EC4Y 8JX

10 June 2008

Our ref: Ext Relations

Dear Sir/Madam

**OFT Market Study into Sale and Rent Back**

On behalf of the Financial Services Consumer Panel I would like to take this opportunity to respond to the above study as launched by the OFT in May. The Panel very much supports the launch of this piece of work as a timely intervention, in a market where we have concerns about the potential for consumer detriment. Sale and rent back is a relatively new sector which appears to be growing quickly and our unease stems from the possibility that consumers, who find themselves in a comparatively vulnerable position, are being exploited.

As the number of repossessions appears set to grow we believe that full consideration should be given to whether regulation of this market is necessary. Should the study conclude that regulation is indeed necessary it is our opinion that the nature of these products makes the FSA the most suitable body to draw up the necessary rules and guidance. The FSA already regulates mortgages and equity release products, of which home reversions appear to share the most similarities with sale and rent back. Therefore, it would be appropriate for sale and rent back to also come within the FSA's remit.

When the FSA took on regulation of home reversions one of our main concerns was that the valuation of the property should be strictly independent. We have similar concerns with the sale and rent back market. Consumers facing repossession may be particularly susceptible to accepting a lower valuation of their property than is fair so it is important that valuation is conducted in a truly independent manner. The potential for detriment in this situation also, in our view, makes it essential that consumers are required to take independent legal advice before going ahead with the transaction. Additionally, while home reversions gives the consumer security to stay in the property until they die or go into care, there is no such certainty in the sale and rent back market.

We understand that the OFT's study will take time to report and should regulation be recommended then the process of implementation will itself take some months. With the current trend in repossessions indicating that this market will grow time is clearly of the essence if consumers are to get appropriate protection. Therefore, we would also like to propose that in the interim the market should be encouraged to press ahead with self-regulation. A self-regulating code of practice would at least offer consumers some degree of protection until full regulation is introduced.

We hope that you have found these points helpful and look forward to the conclusion and recommendations of the OFT's study in due course.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Adam Phillips', with a long horizontal flourish extending to the right.

Adam Phillips  
Vice Chairman  
Financial Services Consumer Panel