

Halifax press release

Halifax supports calls for sale and rentback regulation

Tuesday 4th November 2008

Following the Government's acceptance of recommendations by the Office of Fair Trading, Halifax welcomes proposals for the statutory regulation of the sale and rentback industry by the Financial Services Authority (FSA).

Halifax is today asking the Government to provide a timeline to introduce a regulatory framework to the industry.

Sale and rentback market

Sale and rentback providers are private companies and individuals that buy properties, at a price that is frequently below market value, and then enable homeowners to stay in their property as rent-paying tenants. The OFT report suggests there is in excess of 1000 providers who typically target borrowers who are facing difficulty repaying their mortgage.

Halifax supports the call for regulation to deliver protection for consumers and aims to:

- improve transparency for consumers
- provide disclosure in the market through the provision of a key facts document
- provide a method of recourse for customers who are unhappy with their sale and rentback arrangement and
- ensure that compensation is available should it be necessary.

Joe Higgins, head of mortgages for Halifax said, " Halifax fully supports the Government's action in response to the OFT's recommendation to regulate sale and rentback. If homeowners are in trouble, they need the highest levels of support in the form of transparency and an appropriate level of protection. However, homeowners in a vulnerable position should not be subject to a long delay. We're asking the Government to outline its expectation for the implementation of regulation, so that sale and rentback does not remain an unregulated market for any longer than is necessary."

Notes to Editors

1. On 15 October, the Office of Fair Trading issued a report into the sale and rentback sector which recommended statutory regulation. A Treasury statement on October 22 confirmed that the Government accepted the OFT's proposals and outlined that a consultation paper on the findings will be published.
2. The Council of Mortgage Lenders, Citizens Advice and Shelter have all called upon the Treasury to allow the FSA to regulate sale-and-leaseback schemes, in order to provide greater protection for consumers.

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