

Equity Release

Update

August 2010

Why do clients withdraw - The top 5 reasons & how to limit client withdrawals

1. Down valuations

This is the main reason a client withdraws but, in reality, it should only be a reason to withdraw if the client is unable to raise sufficient funds to pay off existing debts or to fund their plans. Often clients take it as a personal slight if the property fails to be valued in line with their estimate. As the professionals, it is our role to temper client expectations - I always stress to clients that provided they can release enough to meet their needs then that is all that matters. I always point out that ultimately, when the property is sold, it is the family that sell it at market value; the surveyor's value is irrelevant.

2. Lender special conditions

Occasionally lenders impose special conditions relating to works on the property which must be completed pre-completion - this is a common cause of withdrawal, as clients cannot afford to have the works done. I am always keen to point out to clients that if they are able to let me have the report and guarantee/invoice then I will be able to complete typically within seven days. Clients do not know this and this often prevents withdrawal.

3. Shortfalls

I often discover shortfalls part-way through the case due, in large part, to clients not knowing or indeed admitting to the level of their debts. Obviously, unless you know the full extent of borrowing you cannot advise correctly as it may be that a reversion is the best option because a greater release can be obtained. It is always difficult trying to change to a reversion part-way through a case. We always encourage clients to fully disclose their total borrowing as soon as possible, to avoid wasting your and our time.

4. The family

Often the family deter clients either through general opposition to ER (losing their inheritance) or by coming in part-way through and offering to help out. As you already do, the only way of avoiding the risk of the case not proceeding is by encouraging family involvement from day one.

5. Paperwork

Clients often complain of being overloaded with paperwork - a combination of ours, yours and that of the lender. The solution? What we find works well is to tell the clients to bring all of the paperwork to us and we will go through it with them. If clients are able to meet with us then there is no need to return anything to us prior to the meeting. This often reassures clients.



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