

Sale-and-rent-back schemes

This factsheet from the Money Advice Service tells you:

- the risks of sale-and-rent-back schemes
- what to think about before agreeing to one

→ What is a sale-and-rent-back scheme?

In this kind of scheme, you sell your home at a discounted price and in return you stay living there as a rent-paying tenant for a set length of time. This is called a fixed term.

This might seem tempting if you're struggling to pay your mortgage or other debts and are at risk of losing your home. **Although this option may allow you to clear your mortgage and other debts, you'll face new risks.**

→ Risks to you with sale-and-rent-back schemes

- You will no longer own your home
- Your rent could go up both during and after the fixed term of your tenancy
- You may still have to leave your home after the fixed term of your tenancy agreement
- You could still be evicted during the fixed term if you break the rules of your tenancy agreement, for example if you fall behind with your rental payments
- If the person or company buying your home gets into financial difficulties, the property could still be repossessed and you might have to leave
- Because these schemes usually involve selling at a discount you will get less money for your home than if you sold it on the open market
- Selling your home at a discounted price may affect your eligibility for bankruptcy or other forms of insolvency.

→ Considering other options

- Speak to your mortgage lender. They may be able to help you if you are in financial distress or for example by making an arrangement to repay your mortgage arrears.
- Get free and independent debt help online, by phone or face-to-face from a debt adviser. They may also deal directly with your lenders for you.
- Speak to your other creditors. You may be able to sort out a repayment plan to help you manage your debts and keep your home.
- Check if you're eligible for government help, including benefits. For information about state benefits you can go online at [gov.uk/benefits-calculators](https://www.gov.uk/benefits-calculators)
- Consider selling your home on the open market and finding somewhere else to rent. Use a local estate agent or go online to check property sale prices in your area.
- If you're 55 or over, see if equity release is a suitable option. It's a way of raising money from your home that allows you to stay there – get more information at [moneyadvice.org.uk/equityrelease](https://www.moneyadvice.org.uk/equityrelease)

Turn over for *Useful contacts*

Key point

- Consider sale-and-rent-back schemes only as a last resort. Make sure you have looked at all other options first.



Get free help from the advice agencies listed on the other side of this leaflet that specialise in money problems. They'll give you impartial independent advice and help you get your finances back on track. Or visit our website [moneyadvice.org.uk](https://www.moneyadvice.org.uk)

→ If a sale-and-rent-back scheme is your only option

- Make sure you can afford it and that you understand the agreement, the risks and what might happen if things change.
- Make sure you deal with a firm regulated by the Financial Conduct Authority (FCA), the UK's financial services regulator. The firm must check that the scheme is right for you and have a complaints and compensation procedure in place for you to use if things go wrong. Check with the FCA to see if a firm is regulated.
- Check the keyfacts illustration document the firm will give you for important details of the scheme.
- Shop around and use the keyfacts illustration document to compare schemes from different companies.
- Check if using a scheme would affect your right to state benefits including Housing Benefit – speak to the welfare benefits office at your local council or Citizens Advice.
- Try our online **Budget planner**
moneyadvice.service.org.uk/budgetplanner or ask one of the free debt advice agencies to help you to work out your budget.
- Read the terms of your tenancy carefully and get advice, so you know what you must do to avoid being evicted.

→ Get the keyfacts illustration

You will be provided with information about a firm's service. The keyfacts illustration document will show important information about the scheme, including:

- the market value of the property (normally in the form of a valuation report)
- the price the firm will pay for the property
- the fixed term of your tenancy agreement, which must be at least five years
- the rent you will pay under the agreement
- when the rent can be increased
- what happens if you fall behind with your rent.

When you get a written offer to buy your home, you'll have 14 days to consider it before the firm can contact you again.

→ If things go wrong

- **Complaints about the sale of the scheme**
If you deal with a regulated firm, they must have a formal complaints procedure. Complain to the firm first. If your complaint is not resolved to your satisfaction, you can take it to the Financial Ombudsman Service which is free to use.
- **Complaints about how you are treated as a tenant**
Contact Shelter or your local Citizens Advice for advice on your rights.

→ Useful contacts

Money Advice Service

The Money Advice Service is independent and set up by government to help people make the most of their money by giving free, impartial money advice to everyone across the UK – online and over the phone.

We give advice, tips and tools on a wide range of money topics.

Visit

📍 moneyadvice.service.org.uk

Or call our Money Advice Line on
0800 138 7777*

Typetalk

1800 1 0300 500 5000

Citizens Advice

Advice on mortgage debt, benefit entitlements, understanding how sale-and-rent-back schemes may affect you, and your rights as a tenant. Look in the phone book or on the website for your nearest bureau.

citizensadvice.org.uk

Shelter

Advice on mortgage debt, Housing Benefit claims, understanding how sale-and-rent-back schemes may affect you, and your rights as a tenant.

0808 800 4444 England and Scotland

0845 075 5005 Wales

shelter.org.uk

StepChange Debt Charity

Advice on budgeting, mortgage debt and bankruptcy.
0800 138 1111

stepchange.org

Local council

For information on whether you would qualify for Housing Benefit if you plan to enter into a sale-and-rent-back scheme. Search for 'Local council' online or in your phone book.

Financial Conduct Authority (FCA)

To check the FCA Register or report a scheme advert you think is unfair, unclear or misleading.

Consumer helpline: 0800 111 6768 or 0300 500 8082

Typetalk: 18001 0800 111 6768

fca.org.uk

If you would like this guide in Braille, large print or audio format please contact us on the above numbers.

*Calls are free. To help us maintain and improve our service, we may record or monitor calls.

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