



Rated by Experts

Leading the market in
clarity and transparency



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Overview

Our product ratings use a set of 'red line' criteria to calculate an underlying score for each product, which translates to a star rating. Products can achieve between one and five stars.

To achieve a five-star rating, products must meet all of our red line criteria. We focus on core product features, and don't give extra marks for unnecessary features or optional extras.

Our current red line criteria are contained in the following pages.

Unlike our insurance ratings, our banking, online will writing and investment platform ratings take into account the price of the product. This is because consumers can incur additional costs over the life of the product.

Our equity release ratings focus on flexibility. Firms that have higher than average early repayment charges, or which don't provide downsizing protection are likely to get lower ratings.

However, products with lower ratings from us should be much cheaper. Adding flexibility to products tends to raise the cost.

These ratings are designed as a stimulant for conversation with your financial adviser.

Equity Release

Red Line 1 – Early repayment charge (if you repay in year 3 of the loan)

The early repayment charge must be less than 5% in year 3 to pass this red line. 5% is the most common charge in the market, so this is where we decided to put the red line.

Red Line 2 – Early repayment charge (if you repay in year 6 of the loan)

The early repayment charge must be less than 3% in year 6 to pass this red line. 3% is the most common charge in the market, so this is where we decided to put the red line.

Red Line 3 – Early repayment charge (if you repay in year 12 of the loan)

Early repayment charge must be £0 from year 12 on, to pass this red line. The majority of providers charge 0% after 12 years so we have set the red line at 0% as we feel any ERC after this long is unfair.

Red Line 4 – Are you allowed to sell and move to a smaller property without paying early repayment charges?

Downsizing protection must become active after 5 years or less to pass this red line. 5 years is the most common period for the industry so this is where we have set the red line.

Red Line 5 – Can you repay penalty free if one borrower dies or goes into care?

The early repayment charges must be waived if one borrower dies or goes into long term care and the second chooses to repay. The majority of providers within this sector do offer this and we feel it is unfair on the customer not too.

Red Line 6 – Is there an admin fee when part of the loan is repaid?

The redemption fee must be less than £200 in order to pass this red line. £200 is the maximum charge in the industry and we believe if anyone were to exceed this it would be excessive.

Red Line 7 – Is there an admin fee when part of the loan is repaid?

The partial redemption fee must be £0 to pass this red line. The majority of products do not charge for an admin fee for a partial redemption so this is where we have put the red line.

Red Line 8 – Max partial repayments allowed in a year

The maximum partial repayment of equity released must be more than 10% to pass this red line. 10% is the most common amount for maximum partial repayments allowed in a year so this is where we have put the red line.

Red Line 9 – Portable

The product must be portable (meaning you can move the plan to a new property) in order to pass this red line.

Red Line 10 – Adding or removing someone to your loan (England and Wales)

The cost of adding or removing someone to your loan must not exceed the sector average to pass this red line. At the time of writing, spring 2020, the sector average is £316.25.

Red Line 11 – Adding or removing someone to your loan (Scotland)

The cost of adding or removing someone to your loan must not exceed the sector average to pass this red line. At the time of writing, spring 2020, the sector average is £333.96. This red line only applies to plans located in Scotland.

Red Line 12 – Member of the equity release council

The provider must be a member of the equity release council in order to pass this red line.

Red Line 13 – Minimum cash reserve

The minimum cash reserve must be below £2,000 must be available in order to pass this red line.

Red Line 14 – Repayment flexibility

Providers must allow for at least 12 repayments per annum.

Red Line Weightings

Redline	Approx. weighting	Breakdown
ERCs	30.00%	
Early repayment charge (Year 3)		8%
Early repayment charge (Year 6)		10%
Early repayment charge (Year 12)		12%
Downsizing protection	12.00%	
ERC waivers	12.00%	
Redemption fee	2.00%	
Max Partial repayments allowed in a year	8.00%	
Portable	10.00%	
Member of equity release council	3.00%	
Add or remove someone	12.00%	
Minimum Cash Reserve	6.00%	
Number of payments allowed per annum (repayment flexibility)	5%	

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