

Downsizing Protection

Fact Sheet



Downsizing Protection is another feature that many Lifetime mortgage lenders now offer. The essence of this feature is that it allows you to repay your Lifetime mortgage, without incurring a penalty charge, if the property you are moving to is outside of the lenders criteria. Where Portability is not an option, downsizing protection can help give you peace of mind that you can move home even if you've taken out a Lifetime mortgage.

Downsizing Protection is available from nearly all Lifetime mortgage lenders. Each lender offers slightly different terms. On average, if you have taken out a Lifetime mortgage and decide to downsize to a property that is outside the lenders criteria after 5 years or more, you can use the sales proceeds from your property to repay the Lifetime mortgage and not incur an Early Repayment Charge.

Example: Mrs Phillips applied for a Lifetime mortgage 6 years ago. She wanted to use the money to carry out some home improvements. At the time she was fit and healthy and enjoyed spending the day pottering around in her garden. Unfortunately Mrs Phillips recently suffered some health issues, her family lived a few hours away and weren't able to help her on a daily basis. As a result she decided to move into sheltered accommodation.

Mrs Phillips spoke to her Lifetime mortgage lender to see if she could use the Portability function within her plan, and take the existing mortgage to her new sheltered accommodation home. The lenders criteria at that time did not allow Lifetime mortgages on sheltered accommodation properties, however, they were able to offer Mrs Phillips downsizing protection. Mrs Phillips sold her home and moved into her new sheltered accommodation. She was able to repay the Lifetime mortgage balance without incurring a penalty charge.

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