

SALE AND RENT BACK SCHEMES

Sale-and-rent-back schemes are where you sell your home but continue living there as a rent-paying tenant.

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

In a sale-and-rent-back 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 (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.

And although this option might allow you to clear your mortgage and other debts, you'll face new risks.

Risks with sale-and-rent-back schemes

- Your rent might go up both during and after the fixed term of your tenancy.
- You might still have to leave your home after the fixed term of your tenancy agreement.
- You might 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 might still be repossessed and you might have to leave.
- Because these schemes involve selling your home at a discount, you'll inevitably get less money than you would if you sold it on the open market.
- Selling your home at a discounted price might affect your eligibility for bankruptcy or other forms of insolvency.

Sale-and-rent-back alternatives

Warning

Consider sale-and-rent-back schemes only as a last resort.

Make sure you have looked at all other options first.

Speak to your mortgage lender. They might be able to help you, 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 might also deal directly with your lenders for you.

Speak to your other creditors. You might 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.

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. This allows you to raise money from your home and allows you to stay there.

Find out more in our guide [What is equity release?](#)

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

Make sure you can afford it and that you understand the agreement, so you get the right solution for you.

Make sure you deal with a firm regulated by the Financial Conduct Authority (FCA) - the UK's financial services regulator.

The firm can only give you an advised service, which means you can complain to the Financial Ombudsman Service if you were given the wrong advice.

The firm must make sure you can afford to pay any rent as part of your lease if applicable, check the scheme is right for you and give you advice.

When you first contact a firm you should be given information about their fees and whether they are able to offer you a range of schemes or are linked to only one or more providers.

Once a scheme is recommended to you, the firm will give you a document with important details of the scheme - this is called a Key Facts Illustration.

You can use this document to compare schemes from different companies.

Check to see 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.

Read the terms of your tenancy carefully – you must be offered a fixed-term tenancy of at least five years - and get advice so you know what you must do to avoid being evicted.

Get the key facts

Firms must give you a Key Facts Illustration showing important information about the scheme, including:

- when the rent can be increased
- the rent payable under the agreement
- the price the firm will pay for the property
- what happens if you fall behind with your rent
- the fixed term of your tenancy agreement, which must be at least five years
- the market value of the property following an independent valuation by a valuer with a duty of care to you.

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.

Sale and rent back - if things go wrong

If you deal with a regulated firm, they must have complaints procedures.

Complain to the firm first and if your complaint is not resolved to your satisfaction, you can take it to the Financial Ombudsman Service which is free to use.

For complaints about how you're treated as a tenant, contact Shelter or your local Citizens Advice for advice on your rights.

Useful contacts

Citizens Advice

Advice on mortgage debt, benefit entitlements, understanding schemes and their effects, and your rights as a tenant.

To find your nearest bureau and for more information visit [Citizen Advice](#).

Shelter

Advice on mortgage debt, understanding schemes and their effects, and your rights as a tenant and Housing Benefit claims.

Phone: England and Scotland 0808 800 4444

Phone: Wales 08000 495 495

Visit: [Shelter site](#).

StepChange Debt Charity

Advice on budgeting, mortgage debt and bankruptcy.

Phone: 0800 138 1111

Visit: [Step Change Debt Charity](#) site.

Local council

For information on whether they offer a 'mortgage rescue' scheme or 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

Type talk: 18001 0800 111 6768

Visit: the [FCA](#) site.

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