

MoneyMarketing

Equity release shifting to independent advisers

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Key Retirement Solutions group director Dean Mirfin says Newcastle Building Society's withdrawal from equity release illustrates a move towards independent advice.

He says: "In this climate, there has been a big shift away from direct salesforces and, to a degree, multi-tie propositions. Consumers prefer to get independent advice."

Newcastle is closing multi-tie Newcastle Building Society Equity Release Service by the end of the year.

The move comes after the closure of In Retirement Solutions, a single-tie adviser, which shut its doors in August.

Coventry Building Society also withdrew from the equity-release sector last month, blaming funding constraints.

A Newcastle spokesman says: "The economic turbulence has led to a considerable contraction in the equity-release sector which has led to the decision that NBSERS is no longer a viable option at this time. This follows the news that several other major players are also withdrawing from equity release."

NBSERS, which was formerly Newcastle Lifetime Mortgages, was set up in 2006 as a multi-tied adviser offering a panel of equity-release products alongside the society's lifetime loans.

CBK Colchester partner Peter Wright says: "Tied propositions are of the stack 'em high, sell 'em cheap mentality but that is not how equity-release business should be dealt with.

"Ideally, the only proper way that equity release should be sold is through an independent adviser."