



Legal & General Home Finance announces new strategy supporting brokers in retirement lending sector

- Legal & General Home Finance has announced it plans to invest in supporting the intermediary mortgage sector to develop the retirement lending space
- New research has identified opportunities for advisers to talk to interest-only clients about retirement lending
- Follows a new partnership with Virgin Money where Legal & General's lifetime mortgages will be offered to interest-only customers

Legal & General Home Finance has announced a new strategy to invest in the intermediated mortgage market with the aim of growing lifetime mortgage distribution and supporting brokers to advise their clients on retirement lending solutions. The retirement lender's new strategy, which will be launching November, follows recent announcements underpinning Legal & General Home Finance's commitment to the mortgage sector and to helping address the interest-only shortfall. These include the launch of the Optional Payment Lifetime Mortgage (OPLM), a new technology partnership with Twenty7Tec and the agreement with Virgin Money to offer advised lifetime mortgages to the bank's interest-only customers.

Legal & General Home Finance also recently appointed Marie Catch as Head of Mortgage Broker Sales, with a remit to bring more mortgage brokers into the retirement lending sector. Catch is responsible for broadening Legal & General's distribution profile and engaging brokers, including those who aren't yet advising on retirement lending products. Marie will lead the implementation of this new strategy to assist and educate brokers from the very start of their journey into the later life lending sector.

“From our Virgin Money partnership to Marie’s appointment, Legal & General Home Finance is taking big strides to demonstrate our commitment to mortgage brokers and customers. One area is in helping brokers and customers find solutions for interest-only mortgages that are nearing term, without an adequate repayment plan in place. We will be investing in the mortgage broker market and supporting brokers with all the information they need to start talking to their clients about their borrowing options approaching and in retirement. Our research has shown that only a small proportion of interest-only customers coming to the end of their mortgage term know about lifetime mortgages, but many interviewed hadn’t made plans to repay their debt. There is a huge opportunity for advice to play an important role delivering retirement lending solutions to help customers secure the best possible retirement outcomes – ensuring customers understand there are other options available to them other than downsizing away from their family home. In addition, many of these customers are able to keep making interest payments.”

Steve Ellis, CEO, Legal & General Home Finance

According to the Financial Conduct Authority (FCA), there are approximately 1.7 million mortgage accounts with outstanding interest-only loans. Legal & General recently conducted a series of qualitative interviews to better understand the needs, attitude and behaviours of these borrowers. Conducting in-depth face-to-face and telephone interviews with borrowers aged over 55 who had an interest-only mortgage maturing within the next five years, the research revealed opportunities for advisers to talk about retirement lending with customers. Nearly all interviewees intended to review their interest-only mortgage as part of a wider pre-retirement financial audit, with most expecting to learn about solutions such as OPLM and lifetime mortgages through discussions with their adviser.

Half of the 24 interviewees had no plan in place to repay the mortgage upon maturity. For those who did have a plan in place, the results were split equally between those planning on downsizing; using savings and investments as a solution; and remortgaging. Many of the respondents remain unaware of lifetime mortgages, but were interested in discussing the option further with their adviser and, in some cases, borrowers approaching maturity expected to be contacted by their broker to discuss their options.

“Customers are increasingly accepting of the possibility of accessing property wealth in later life, and are, in fact, embracing the opportunities offered. This, plus Legal & General’s product innovation and partnerships with banks like Virgin Money, points to a bright future ahead for the retirement lending market. As more consumers become aware of the options for borrowing in later life, there will be an increased requirement for professional advice to help these individuals find the right solution for their retirement. This presents new opportunities that we want to help brokers make the most of and it’s exactly where we want to encourage, support and guide advisers looking to enter this sector. Our research has shown that brokers are already aware of the opportunities presented by the retirement lending market, but they often don’t know how to take the first step into this sector. Legal & General’s intention is to offer a guiding hand to all brokers – whether it be providing information about the routes to qualification or support on how to advise consumers about lifetime mortgages. From encouraging those advisers considering a transition into the later life lending sector, to continuing to support brokers already advising in this space, we want to show intermediaries the positive impact of these retirement solutions, not just for their business, but for the hopes and dreams of their customers too.”

Marie Catch, Head of Mortgage Broker Sales, Legal & General Home Finance

Notes to Editors

A lifetime mortgage is a loan secured against the client's home. It provides a cash lump sum, or smaller amounts, tax-free. The client can choose whether to pay all, some or none of the monthly interest. Any unpaid interest is added to the amount they owe each month. This means we charge interest on the loan plus any interest already added. There may be cheaper ways to borrow money.

About Legal & General

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. As at 31 December 2017, we had over 9.5 million customers in the UK for our life assurance, pensions, investments and general insurance plans.

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