

# LEGAL & GENERAL HOME FINANCE ANNOUNCES NEW LIFETIME MORTGAGE PARTNERSHIP WITH VIRGIN MONEY

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- Interest-only customers of Virgin Money will now be introduced to
- Legal & General Home Finance's range of products, including its Optional Payment Lifetime Mortgage
- New partnership adds to established agreements with Santander and The Co-operative Bank

Legal & General Home Finance has today announced a new 5-year partnership agreement with Virgin Money that will see the retirement lender offer its lifetime mortgage product range to the bank's interest-only customers aged 55 and over. Today's arrangement adds to the existing partnerships with Santander and The Co-operative Bank and now sees Legal & General making its range of lifetime mortgages directly available to 20% of the UK's interest-only mortgage customers.<sup>1</sup>

Data from the Financial Conduct Authority (FCA) has revealed that there are still 1.67 million outstanding interest-only mortgages in the UK, with around 200,000 loans maturing by 2020.<sup>23</sup> Earlier this year the regulator called on the industry to do more to support Britain's interest-only borrowers, and this deal demonstrates the commitment of both Legal & General Home Finance and Virgin Money to respond to the FCA and customer needs.<sup>4</sup>

Under the new agreement, Virgin Money's customers with interest-only mortgages will be introduced to Legal & General's advised lifetime mortgage products as they approach the end of their loan term.

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<sup>1</sup> <https://www.ukfinance.org.uk/interest-only-mortgages-a-shrinking-target/>

<sup>2</sup> <https://www.fca.org.uk/news/press-releases/fca-urges-action-on-interest-only-mortgages->

<sup>3</sup> <https://www.ukfinance.org.uk/interest-only-mortgages-a-shrinking-target/>

<sup>4</sup> <https://www.fca.org.uk/news/press-releases/fca-urges-action-on-interest-only-mortgages>

<sup>5</sup> <https://www.legalandgeneralgroup.com/media-centre/press-releases/last-time-buyers-housing-wealth-to-pass-1trillion-this-year-new-report-from-legal-general-reveals/>

This includes customers who would like to consider their options to pay off the outstanding capital of their interest-only loan, as well as individuals who might be interested in accessing their property wealth to improve their quality of life in retirement.

A key offering to Virgin Money customers will be Legal & General's new Optional Payment Lifetime Mortgage which has been developed specifically to help interest-only customers. This product does not require the customer to pass affordability criteria as it is written under lifetime mortgage rules. Customers can choose to pay some, or all, of the monthly interest and if the customer stops making interest payments they can still remain in their home for life.

The new partnership is also part of Legal & General Home Finance's wider strategy to improve customer access to retirement lending solutions. This approach includes helping to address the interest-only shortfall by driving innovation in the market with products, such as the Optional Payment Lifetime Mortgage, and also by bridging the gap between mainstream mortgages and retirement borrowing. Legal & General will be encouraging more intermediaries to enter the market and include property wealth in the retirement planning conversation.

**Steve Ellis, CEO, Legal & General Home Finance said:** "Solving the interest-only challenge is just one area where we see lifetime mortgages as a potentially transformative solution for the lives of UK borrowers. Britain's over-55s are currently sitting on over £1trn of property wealth<sup>5</sup> – what could that money do for retirement outcomes, our housing market, and even our economy?"

"Lifetime mortgages are already having a hugely positive impact on our society, and at Legal & General we are committed to raising awareness about the transformative effect these products could have for many of Britain's retirees.

"Virgin Money shares our vision for customer focused innovation, so we're delighted to announce our new partnership and offer our retirement lending products to an even wider audience of people looking for flexible later life lending solutions."

Andrew Asaam, Director of Mortgages at Virgin Money said: "We're delighted to partner with Legal & General to offer choice and peace of mind to a number of our interest only end of term customers. Their Lifetime Mortgage range provides excellent options to help customers

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<sup>5</sup> <https://www.legalandgeneralgroup.com/media-centre/press-releases/last-time-buyers-housing-wealth-to-pass-1trillion-this-year-new-report-from-legal-general-reveals/>

manage their finances effectively, including individuals who might be interested in accessing their property wealth to improve their standard of living in later life.”

-ENDS-

**The information contained in this press release is intended solely for journalists and should not be relied upon by private investors or any other persons to make financial decisions.**

### 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.

Data from the Financial Conduct Authority has revealed that there are still 1.67 million outstanding interest-only mortgages in the UK, with around 200,000 loans maturing by 2020. Earlier this year the regulator called on the industry to do more to support Britain's interest-only borrowers, and this deal demonstrates the commitment of both Legal & General Home Finance and Virgin Money to respond to the FCA and customer needs.

### FURTHER INFORMATION (JOURNALISTS ONLY)

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### 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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