BUCKINGHAMSHIRE BUILDING SOCIETY

# Case Study: Later Life Lending

*(Scenario based case study)*

*Supporting an older borrower with family gifting and inheritance planning objectives*

## Client Background

A 92-year-old applicant was seeking to raise £300,000 of new borrowing secured against his property. His objective was to provide financial support to his three grandchildren by gifting £100,000 to each of them during his lifetime. The applicant was not in ill health, but he was clear that he wanted to see the benefit of the support he was providing while he was still able to do so.

## Borrowing Requirement

The proposed loan-to-value was 25%, which provided a strong level of equity support. The requested borrowing represented approximately four times the applicant's annual pension income, giving the lender a clear basis on which to assess affordability alongside the security position.

## Assessment and Due Diligence

Given the applicant's age and the nature of the transaction, particular care was taken to ensure the borrowing was appropriate and that the applicant was making an informed decision. With the broker's permission, the underwriter spoke directly with the applicant, and the solicitor also engaged with him independently. All parties were satisfied that he had capacity, understood the purpose and implications of the borrowing, and was comfortable proceeding. He was also reminded of the importance of seeking independent tax advice where appropriate to his personal circumstances.

The applicant's son held Power of Attorney, which provided additional reassurance. This meant that, should the applicant's health deteriorate in the future, there would be an established point of contact to support ongoing communication and administration.

### Outcome

The case demonstrated how later life lending can support customers with clear family and estate planning objectives, provided the right checks and safeguards are in place. The relatively low loan-to-value, the applicant's pension income, direct engagement with the customer, solicitor involvement, and the presence of a Power of Attorney all contributed to a well-documented and carefully considered lending decision.

## Key Considerations

- The applicant had a clear and legitimate purpose for the borrowing.
- The loan-to-value was conservative at 25%, leaving significant equity in the property
- Affordability was assessed against annual pension income.
- Direct conversations with the applicant helped confirm understanding and intent.
- Independent legal involvement provided further assurance.
- The existence of a Power of Attorney gave comfort around future communication and support if required.

*If you would like to learn more about our Later Life products, or any of the mortgage products we offer at Buckinghamshire Building Society, contact one of our knowledgable Key Account Managers.*

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