

Merthyr Tydfil County Borough Council
**Financial Assessment and
Charging**



Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL

MERTHYR TYDFIL
County Borough Council

**Deferred Payments for Property Owners
Residential Care services**

Revised April 2024

What is a Deferred Payment Agreement?

Deferred payments are offered by Local Authorities in line with The Care and Support (Deferred Payment)(Wales) Regulations 2015 for those entering residential / nursing care.

A Deferred Payment Agreement is an arrangement with the Local Authority that enables people to use the value of their homes to help pay for care home costs. If you are eligible, the Local Authority will help to pay your care home bills on your behalf. You can delay repaying the Local Authority until you choose to sell your home, or until after your death.

This means that you will pay a weekly contribution towards your care home costs from your income and we will pay the shortfall in the full cost and recover these costs at a later date when your property is sold.

The value of your home will not be taken into account until 12 weeks after your permanent admission into a care home, this allows you time to consider other options for paying care home costs. A deferred payment agreement means that people should not be forced to sell their home in their lifetime to pay care home bills.

What if I am not the sole owner of the property?

You may still be eligible to take up Deferred Payments even if you are not the sole owner of the property as long as your share would be enough to pay back the loan once sold. You would need to discuss such issues fully with any co-owners first in order for them to be in agreement that a Legal Charge is to be placed upon the property. Any co-owners will also be asked to sign the 'Deferred Payment Agreement'. It is also very important that the co-owner is advised to seek independent legal and financial advice.

If you are not sure if the property is co-owned, you can make a request to the Land Registry for a search to be completed that will confirm the registered owners of the property. You can contact the Land Registry on 01792 355000, or via their website at www.landregistry.gov.uk.

What if my property isn't registered with land registry?

If your property is unregistered the Local Authority will require sight of your deeds. You will need to register the property in order to enter into a deferred payments agreement.

If you are unsure whether the property is registered or unregistered you can check this at www.gov.uk/registering-land-or-property-with-land-registry/when-you-must-register. If you bought your property after 1990 or mortgaged it after this date it is highly likely that your property is registered.

You can register the property yourself, the link below will assist you with this, alternatively you could appoint a solicitor to do this but there will be additional costs associated with this.

www.gov.uk/registering-land-or-property-with-land-registry/register-for-the-first-time

What if I have an outstanding mortgage on my property?

We will still consider your application. However, we will need to be satisfied that the value of the property will be enough to repay the amount owed once the outstanding mortgage has been paid. We would also need to ensure that you have adequate financial resources available to continue making your regular mortgage payments, in addition to your weekly accommodation charges.

How much can be Deferred?

In most cases, the amount deferred will be the full cost of your care less the weekly contribution you pay based upon your income and other assets.

If you choose accommodation that is more expensive so that a third party contribution (top up payment) towards your accommodation charge is needed, this may also be added to the Deferred Payment loan.

The local authority may however stop deferring care costs if the amount deferred has reached the value of the property less the amount of capital you are allowed to retain. If this is the case, the local authority will advise you of this and discuss how your future care costs can be met.

You should be aware that if the Local Authority stops deferring payments as the maximum recoverable has been reached and the amount being deferred included a third party payment, you may need to nominate a third person who is able and willing to meet the third party costs. In these circumstances your income or assets cannot be used for third party payments.

The Local Authority will provide statements every 6 months detailing the amount of the care costs that are deferred against the property, and based upon the property

valuation at what point we project the valuation may reach the capital limit.

Will I have to sign a contract?

Yes, you will enter into a legal agreement with the Local Authority, called a 'Deferred Payment Agreement', stating that you agree to repay the amount when the property is sold. When we enter into a Deferred Payment Agreement with you, we will place a Legal Charge on your property that will register our interest in the property with the Land Registry.

A Legal Charge is similar to a mortgage, which means that we are loaning you money and when the property is sold or when your estate is settled, we will be repaid the amount owed to us from the proceeds of the sale. You will not be able to complete the sale of the property or transfer ownership of the property until we withdraw our Legal Charge upon repayment of the loan.

What are the advantages of the scheme?

If you enter into a Deferred Payment Scheme, you are entitled to claim Attendance Allowance, or if under the age of 60, the care component of Personal Independence Payments (PIP), while in residential care. This means that you will have extra income to contribute towards your weekly accommodation charges, which will reduce the amount you will have to pay back to us.

When you need to pay back the debt owed to us, depending on the amount owed, you may choose for this to be paid from savings, or a loan, and therefore the property may not have to be sold.

What if I do not want to sell the property?

If you choose not to put your property up for sale, (whether you enter into a Deferred Payment or not), the Department of Work and Pensions may not pay the Severe Disablement premium of Pension Credit. This will reduce your weekly contribution and increase the amount of the deferred payment loan.

In addition, you may not be entitled to other benefits associated with Pension Credit, such as free eye tests and dental treatment.

You should also consider what arrangements you will need to put into place to ensure the property is secure and maintained. You will also have to pay for insurance on the building and its contents; pay heating bills to save the property from damp and frost.

Can I rent out my property?

Yes, you can rent out your property. You may be able to retain some of the rental income towards your landlord costs, the remainder must be used to contribute towards your weekly accommodation charges.

This will also reduce the amount you will have to pay back to us. It is advised that no letting agreement is entered into before the Deferred Payment Agreement and the Legal Charge are in place. It is recommended that only 'short term' tenancy agreements be made, as the property may have to be sold upon death to ensure the loan is paid back within the agreed timescales. We will request sight of any tenancy agreements for our records.

When will the loan have to be paid?

We will recover the money owed to us –

- when the property is sold - payment is due immediately
- if you terminate the agreement - payment is due immediately
- from your estate - 90 days after the date of death

Are there any charges or fees to pay?

Yes, deferred payments agreements are run on a cost-neutral basis, which means the Local Authority will recover any associated administrative and legal costs from you.

You will be asked to meet the cost of us placing a Legal Charge with the Land Registry.

If we need to arrange an estate agent valuation you will also be expected to meet this cost.

These costs will be added to the final bill / invoice.

You will be provided with a schedule of costs when we issue an agreement so that you are aware of the most up to date costs prior to entering into any agreement with us.

Can my application for Deferred Payments be refused?

Yes, granting deferred payments is at the discretion of the Local Authority. If we decide deferred payments will not be granted, the reasons why will be clearly communicated in writing to you.

Reasons for refusal may be –

- you have other assets available to meet the cost of your accommodation charges, such as savings over the capital threshold
- you have an outstanding mortgage on your property that will not leave sufficient funds for us to recover our costs
- the value of the property, or your share of the value, would not leave sufficient funds for us to recover our costs
- you do not own the land (leasehold property), and the lease has less than 20 years remaining on it
- any joint owners do not wish to enter into the agreement

Can I refuse to enter into a Deferred Payments Agreement?

If you do not wish to enter into a deferred payments agreement you will need to consider how you will meet the full cost of your care.

If the value of the your home is taken into account for assessment and charging purposes and you have declined a deferred payments agreement, you may be expected to meet the full cost of your care 12 weeks after your admission.

I want to apply for Deferred Payments, what should I do next?

Firstly, ensure that you seek independent legal and financial advice. This can be obtained from such agencies as the Citizens Advice Bureau, a solicitor, voluntary/ charitable organisations for older people etc.

If you are acting as a representative on behalf of the person wishing to apply, ensure that you have the legal authority to do so. This would be a legally recognised arrangement such as a Lasting Power of Attorney/ Enduring Power of Attorney/ Deputyship. Further advice can be found from agencies such as the Office of the Public Guardian, www.publicguardian.gov.uk Citizens Advice Bureau, a solicitor, voluntary/ charitable organisations for older people etc.

If the property is co-owned, the co-owner must be in agreement and willing to sign the deferred payment agreement. Also advise them to seek independent legal and financial advice.

Contact the Department of Works and Pensions to find out how your benefits will be affected or any additional benefits you may be able to receive. You can contact the Pension Service on 0800 991234 or visit one of the following websites for further information www.DWP.gov.uk or <http://www.gov.uk>.

If the property will be left vacant, contact your insurance company to discuss any appropriate insurance cover that may be needed. Discuss with family/friends etc, what arrangements can be put into place to ensure the property is maintained and kept safe.

Contact the Financial Assessment and Charging Team to discuss any other issues that you need further clarification or information on.

Complete a Deferred Payment Scheme Application Form and send it onto -

Financial Assessment and Charging Team Directorate for Place and Transformation
Civic Centre
Castle Street
Merthyr Tydfil, CF47 8AN

Financial Assessment and Charging Team can be contacted on: 01685 725000 or via email on Fact@merthyr.gov.uk

Further information in relation to deferred payments can be found at:
<https://www.gov.uk/government/publications/care-and-support-whats-changing/care-and-support-whats-changing>