

# A guide to **voluntary partial repayments**

**This option is only available if you applied for a lifetime mortgage from 28 April 2014.**

**Your Aviva Lifetime Mortgage allows you to make voluntary partial repayments, which can reduce the overall amount due when the loan becomes repayable. You don't have to make any repayments unless you want to, as the loan and interest will usually be paid back in full by selling your property when all borrowers have died or moved into long-term care (subject to our terms and conditions).**

To talk to us about any of the information in this guide, give us a call on **0800 158 4177**. Lines are open 9am-5pm, Monday to Friday (closed bank holidays). We may record calls for training and monitoring purposes.

## **How much can I repay?**

The maximum amount you can repay in each anniversary year is 10% of the total of your initial loan, any additional borrowing, and all cash reserve releases, excluding any interest accrued. The anniversary year starts on the completion date of your first loan and refreshes each year. You can check your anniversary date on your completion letter or annual statement. For example, if you take an initial loan of £90,000 and don't borrow any further money, you can voluntarily repay up to £9,000 in each anniversary year.

You can make as many repayments as you like up to the 10% annual limit, but each instalment must be a minimum of £50.

You can't repay more than 10% of the total amount borrowed in each anniversary year unless you repay the lifetime mortgage in full, including any additional borrowing, cash releases, and interest accrued. If you choose to repay your lifetime mortgage in full before death or going into long-term care, you may have to pay an early repayment charge.

## How will you apply my payment to the loan?

- Your lifetime mortgage includes all the money you've borrowed over time. Each time you borrow more, we create a separate loan within it.
- When you make a repayment, we'll apply it to the loan you took out most recently. If your repayment is more than the balance of your most recent loan, it will repay that loan in full.
- We'll apply the rest of the repayment to your next most recent loan and so on until the whole repayment is complete.

## How will making repayments affect the amount I owe?

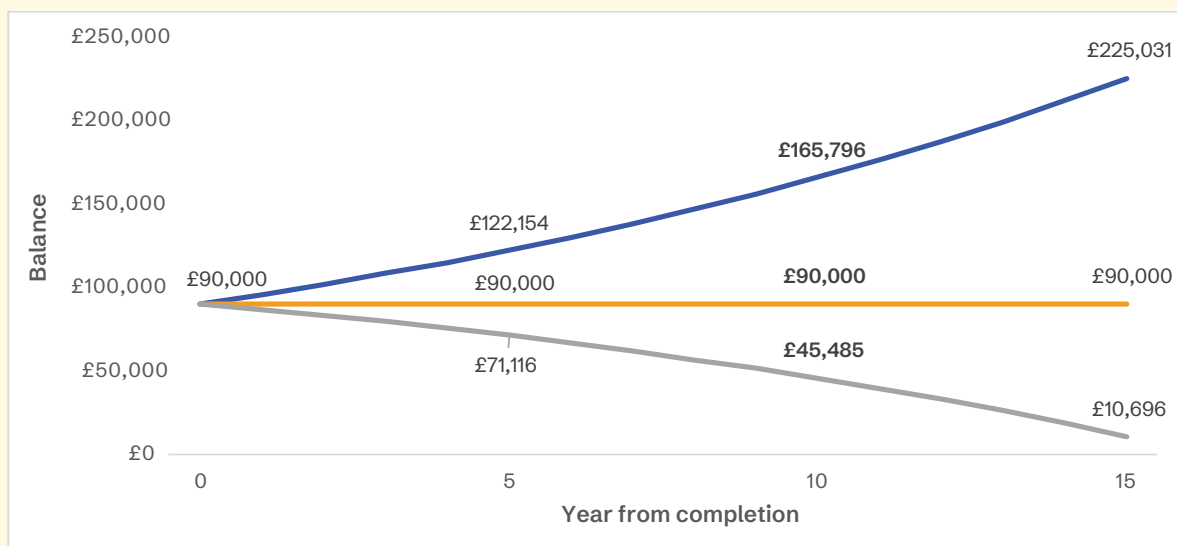
If you choose to make repayments, it will reduce the total amount due when the loan becomes repayable.

This graph shows the difference making voluntary repayments to an initial loan of **£90,000** at 6.3% can make over time. **We've shown what your loan would be in 5, 10 and 15 years.**

**The blue line** shows a lifetime mortgage where no repayments are made. As the graph shows, the balance after 15 years would be **£225,031**.

**The orange line** shows a lifetime mortgage where the interest is paid at the end of each year. The balance after 15 years would still be **£90,000**.

**The grey line** shows a lifetime mortgage where the full 10% repayment allowance is made at the end of each year. The balance after 15 years would be **£10,696**.



You don't have to make any repayments against your loan unless you want to. If you're not sure if making repayments is right for you, you should speak to your adviser.

## Does it matter when I make my repayments?

We charge the interest daily, but keep it separate to your balance until your next anniversary. We add the daily interest to your balance once a year and the new total amount is the amount we'll charge interest on the following year.

When you make a repayment, we'll apply the repayment proportionally across your balance and the daily interest added since your last anniversary date, starting with your most recent loan.

Making a repayment earlier in the year will have a greater impact to the balance over time because it will reduce the interest-bearing balance. In turn, this will reduce the amount of daily interest built up over the remaining anniversary year.

The table below shows what could happen to an initial loan of £90,000 in different scenarios, based on an interest rate of 6.3% AER.

		Outstanding balance			
		1st anniversary	5th anniversary	10th anniversary	15th anniversary
Initial loan of £90,000 at 6.3% AER	No repayment made	£95,670	£122,154	£165,796	£225,031
	£6,000 lump sum repayment made 30 days after completion and each year thereafter	£89,325	£86,171	£80,975	£73,922
	£6,000 repayment split monthly throughout each year	£89,498	£87,152	£83,287	£78,041
	£6,000 lump sum repayment made on 1st anniversary date and each year after that	£89,670	£88,129	£85,589	£82,141

For help understanding how making a voluntary repayment will affect your balance, you can call us on **0800 158 4177**.

# How do I make a voluntary partial repayment?

## Debit card

This is the quickest way to apply your repayment to your loan. If you make a one-off payment over the phone by debit card, we'll apply the money to your loan as soon as we've taken your payment. This will usually be on the same call.

Sometimes we might need more information from you before we can take your payment. For example, if it's a high value payment or a payment made by someone other than a borrower on your account.

To make a payment by debit card, give us a call on **0800 158 4177**. We can't accept credit cards.

## CHAPS

We accept CHAPS, which means we'll receive the payment on the same day. CHAPS is usually used for high-value payments and your bank will charge you a fee for using this service. We'll need to speak to you for any payments of £10,000 or over, so give us a call on **0800 158 4177** to arrange making a repayment.

## BACS and Faster Payments

### Checklist for making payments by BACS and Faster Payments (including standing orders)

- ✓ The account we receive a payment from must be in the name of one, or both borrowers.
- ✓ The account must be a UK personal bank or building society account (not an overseas or business account).
- ✓ The maximum amount you can repay each anniversary year is 10% of the total amount you've borrowed, excluding any interest that's built up.
- ✓ Each payment must be a minimum of £50.
- ✓ If you'd like to repay £10,000 or more in any 12-month period, we'll need to speak to you first. Please call us on **0800 158 4177**.
- ✓ If you have a joint Lifetime Mortgage, you should have the other borrower's permission before making the repayment(s).

If we can't accept the payment for any of these reasons, we'll either contact you for further information, or we'll refund the payment to the account it came from. If you're not sure whether we can accept your payment, call us on **0800 158 4177** before making any transfer.

## BACS

If you'd like to repay less than £10,000 in any 12-month period, you can make a one-off bank transfer or set up a standing order to make regular payments using the details below.

**Bank:** HSBC

**Account name:** Aviva Equity Release UK Ltd

**Sort code:** 40-41-70

**Account number:** 50029998

You must use your Lifetime Mortgage Number as your payment reference. If you don't, we won't be able to accept your payment and it will be refunded to the account it came from. You can find the number on any of the letters we've sent you. We will only accept voluntary partial repayments in this account.

Please do not use these account details if you need to transfer payment to us for any other reason.

## Faster Payments

Most UK banks use Faster Payments, so your bank transfer will clear in our account on the same day it's sent. If it's not sent using Faster Payments, it may take longer. You can check this with your bank.

**Once the payment has cleared in our account and if we can accept it, we'll apply it to your balance by the end of the next working day. Working days are Monday to Friday, not including bank holidays.**

Sometimes we'll need to contact you for further information before we can accept your payment, meaning it may take longer to apply it to your balance. You can see examples of why we might not accept the payment in the checklist on page 4.

Daily interest will continue to build up on your loan until we accept the payment and apply it to your lifetime mortgage. If you'd prefer that we apply your money to your loan on the same day you make the payment, please call us and we'll take payment by debit card.

## Why do I need to evidence the source of my repayment or provide proof of my identity?

Anti-Money Laundering legislation requires us to complete customer due diligence. This might mean that we'll ask you additional information about the source of funds when you make a repayment. These enquiries are standard practice across the financial services sector.

## **I've changed my mind about a recent repayment, can I get a refund?**

You have a 30 day cooling off period which begins on the date you receive your repayment statement. We'll reverse your repayment and provide you a refund, meaning your outstanding balance will be corrected as though no repayment was made.

We reserve the right to request you speak to us first before making any future repayments where you've previously used this cooling off period.

We'll always consider your individual circumstances if you request a repayment to be reversed outside of the cooling off period, so give us a call on 0800 158 4177.

We may reasonably refuse a refund request or delay refunding the repayment if we have concerns around financial crime or it is not legally possible to make such refund. We will only do this if we consider it to be necessary and any action we take must be consistent with our promise to you under the Terms and Conditions.

Please call us on **0800 158 4177**.

**Voluntary partial repayments are only available to customers who took out a Lifetime Mortgage on or after 28 April 2014 (in our Lifestyle Range with terms and conditions from Edition 4 and upwards). If you have an earlier edition and you want to make repayments, you should speak to your adviser to discuss your options.**

## **Need this in a different format?**

Please get in touch if you'd prefer this document (PF011878) in large print, braille or as audio.

### **How to contact us**

 **0800 068 6800**

 **contactus@aviva.com**

 **aviva.co.uk**