

Deferred payment agreement frequently asked questions

What is a Deferred Payment Agreement?

A Deferred Payment Agreement is an arrangement with the council that will enable people to use the value of their homes to help pay care home costs. If you are eligible, we will help to pay your care home bills on your behalf. You can delay repaying us until you choose to sell your home, or for as long as is necessary.

Deferred payment agreements will suit some people's circumstances better than others'. We will charge interest on the amount owed to us and there is a fee for setting this arrangement up.

A Deferred Payment Agreement means that people should not have to sell their home in their lifetime to pay care home bills.

Who is eligible for a Deferred Payment Agreement?

Deferred payment agreements will suit some people's circumstances better than others' and not everyone will be eligible. You should be eligible for a Deferred Payment Agreement if:

- you are receiving long term care in a care home (or you are going to move into one soon)
- you own your own home (unless your partner or certain others live there)
- you have savings and investments of less than £23,250 (not including the value of your home or your pension pot)

A Deferred Payment Agreement is only one way to pay for care. To find out more about the options available, you can speak to an Independent Financial Adviser or seek advice from an independent organisation.

A Deferred Payment Agreement is not available for short term care in a care home as the value of your home will not be included in the financial assessment unless you intend to stay longer term.

When can I apply for a Deferred Payment Agreement?

If you live or intend to live in a care home long term because you need care and support, you can talk to us about your needs and funding of your care.

How do I apply for a Deferred Payment Agreement?

If you live in North Lincolnshire contact 01724 297979 to find out about the council's support for people with care needs and whether you might be eligible for a Deferred Payment Agreement.

Can a family member apply for a Deferred Payment Agreement if a person needing care has dementia or does not have the capacity to understand?

Carers and families can help people to make decisions about their care and how to pay for it. If we are concerned that the person applying for the Deferred Payment Agreement does not have the capacity to understand or won't have capacity to understand in the near future, then another person may need to represent them. Only a person that is properly authorised, like someone with legal power of attorney, can represent someone in applying for a Deferred Payment Agreement.

When will I have to repay the Deferred Payment Agreement?

You can sell your home and repay the Deferred Payment Agreement at any point. Or you can have a Deferred Payment Agreement for the full length of your stay in a care home and pay it back out of your estate, following your death.

How much can I defer?

The amount you can defer will depend on the value of your home, which determines your 'equity limit'. As a guide, most people can use around 80-90% of the equity available in their home. The limit on equity is to protect you from not having enough money to pay sale costs of the property (like solicitor's fees,) and to protect the council against a drop in housing prices and the risk that we may not get all of the money back.

What if my husband/wife/civil partner lives in my house?

If you need care in a care home but your partner lives in your own home then the council will consider your partner's circumstances as well as your own. Depending on your partner's circumstances, we may decide to exclude the value of your home when we assess your finances to work out how much you will have to pay towards the costs of your care.

This would mean that you will not face having to sell your home to pay for care and will not need a Deferred Payment Agreement.

I pay for my own care at home, can I apply for a Deferred Payment Agreement?

No. A Deferred Payment Agreement is designed for people who are living in a care home long term who are most at risk of selling their home to pay care fees. If you are still living in your own home, you should not need a Deferred Payment Agreement, and there are other ways for you to pay for your care (including with council support). You could speak to an Independent Financial Adviser or an independent organisation to find out more.

I already live (long term) in a care home. Can I apply for a Deferred Payment Agreement?

If you have savings and investments of less than £23,250 (or they are decreasing towards that amount) and you do not have a partner or dependent living in your home, you should be eligible for a Deferred Payment Agreement. If you have more than £23,250, we may in some circumstances be able to offer you a Deferred Payment Agreement. Contact us directly to find out more.

My partner's share of our savings are in my name, will that be taken into account?

This will depend on how the savings are held, when it was paid in, and who by. Please contact us to discuss your individual circumstances.

How much will it cost me to set up a Deferred Payment Agreement?

The loan will have interest charged on it in the same way a normal loan would be charged on money borrowed from a bank. The interest will apply from the start of your Deferred Payment loan the rate is based on the cost of national government borrowing and will routinely change on 1st January and 1st July every year

The rate applicable from 1 July 2023 to 31 December 2023 is 3.43%. This interest will be compounded on a daily basis.

You will be charged £250 for the legal and administrative costs for setting up a Deferred Payment Agreement. The council will charge £220 for a professional valuation of your home.

Will the council make a profit out of Deferred Payment Agreements?

No. The interest rate and administrative fee will cover our costs, and we won't make a profit from them.

Who will live in my home if I have a Deferred Payment Agreement?

This is up to you – though there are benefits to keeping your home occupied. It must be maintained and insured for as long as you have the Deferred Payment Agreement, and this can be cheaper and/or easier if someone is living there. You might choose to rent it out and use the income to reduce the amount of care fees you ask the council to defer.

Can I avoid selling my home if I get a Deferred Payment Agreement?

If you have a Deferred Payment Agreement, it means you should not have to sell your home in your lifetime unless you decide you want to.

The money owed to the council from care home bills paid on your behalf during the Deferred Payment Agreement will need to be repaid eventually. This can either be repaid by selling your house or you can arrange another way to pay if you are able to. For example, someone else could pay the money owed, or your family could use a pay-out from your life assurance after your death.

Your Deferred Payment Agreement will end automatically following your death, and your executor will have 90 days to arrange payment of the money owed. If someone else (like a friend or relative) chooses to pay the bill, then your home will not have to be sold.

Can I still get a Deferred Payment Agreement if I have gifted money or my home to my children?

Your home and your money still belong to you if you have a Deferred Payment Agreement, so you can of course make gifts to your children. But a Deferred Payment Agreement for care costs will always need to be repaid – either by the sale of your home after your death, by someone else, or by something like the pay-out from a life assurance policy. If the council believes that your home or your money have been given away deliberately to avoid paying care charges, then we have the power to recover any money that we are owed.

How long does it take to set up a Deferred Payment Agreement?

People who are council funded

For the first twelve weeks after it is agreed you should live in a care home long term, your home is ignored for the purposes of calculating what you might pay. A Deferred Payment Agreement would usually start straight after.

People who are self-funding

If you are eligible, we aim to set up a Deferred Payment Agreement within twelve weeks of your application. Sometimes things outside our control can affect how long it takes.

Who will value my home?

The council will arrange to have your property valued and will ask you to pay £220 for the valuation. If you disagree with that valuation, you can request an independent valuation (at your cost). You can arrange for a professional valuation using a Royal Institution of Chartered Surveyors registered surveyor. The council will accept an existing professional valuation that was undertaken no more than 12 weeks previously.

Can the terms of my Deferred Payment Agreement be changed at any time?

The maximum amount of costs that the council will pay on your behalf, along with the interest rate and any administrative fees, will be set out at the start of the Deferred Payment Agreement. The interest rate is based on the cost of national government borrowing and will routinely change on 1st January and 1st July every year.

Any other conditions – for example how the property should be maintained – will also be written down in your agreement. Make sure that you understand the full terms and conditions and get independent advice from a solicitor or an Independent Financial Advisor or an independent organisation before signing a Deferred Payment Agreement.

Can I get a Deferred Payment Agreement if my house is in a flood risk area?

In order to be eligible for a Deferred Payment Agreement your property will need to be insured. Please contact us if you have specific concerns about this.

What will happen to my home after my death?

The executor of your estate should arrange repayment of the money owed to the council, either by putting your home up for sale, or by arranging for another person, such as your heir, to pay. This will usually need to be done within 90 days. If the money owed is repaid without your home being sold, then your property will be dealt with according to any instructions you have left.

Who decides on the price my home will be sold at after my death?

Your executor will arrange the sale and repayment of the money owed to the council.

Who is liable for the repayment of a Deferred Payment Agreement?

You are, or after your death your executor. Any money that is left after the money owed to the council has been repaid from your estate will be administered according to any instructions that you leave.

How long will my executor have to pay back the Deferred Payment Agreement without incurring extra charges?

Your executor will usually have 90 days to repay the Deferred Payment Agreement. Interest charges will continue to be added during this period.

What will happen if my executor does not pay back the Deferred Payment Agreement within the 90 days? Will they be charged extra?

If, after 90 days they haven't taken reasonable steps to repay the Deferred Payment Agreement, then the council has the power to recover the amount owed through the courts.

Where can I find out more about Deferred Payment Agreements?

The council's website has information about the North Lincolnshire Deferred Payment Scheme. You should also consider other information sources such as AgeUK, WHICH, SOLLA.

If you live in North Lincolnshire contact 01724 297979 to find out about the council's support for people with care needs and whether you might be eligible for a Deferred Payment Agreement.