

# Sale-and-rent-back schemes

## This factsheet from MoneyHelper tells you:

- the risks of sale-and-rent-back schemes
- what to think about before agreeing to one.

## What is a sale-and-rent-back scheme?

In this kind of scheme, you sell your home for less than it's worth to a private company and in return you stay living there as a rent-paying tenant for a set length of time. This is called a fixed term. These schemes are also known as 'buy back' or 'sale and lease back'.

This might seem tempting if you're struggling to pay your mortgage or other debts and are at risk of losing your home.

**Although these schemes might allow you to clear your mortgage and other debts, there are risks involved.**

## Risks with sale-and-rent-back schemes

- You will no longer own your home.
- You'll get less money for your home than if you sold it on the open market.
- Your rent could go up both during and after the fixed term of your tenancy.
- You might still have to leave your home after the fixed term of your tenancy agreement.
- You could still be evicted during the fixed term if you break the rules of your tenancy agreement, for example if you fall behind with your rental payments.
- If the person or company buying your home gets into financial difficulties, the property could still be repossessed and you might have to leave.
- It might affect your eligibility for bankruptcy or other forms of insolvency.
- It might affect your eligibility to claim benefits.

### Important!

Consider sale-and-rent-back schemes only as a last resort. Make sure you've looked at all other options first, including what help is available at [moneyhelper.org.uk/mortgage-help](https://moneyhelper.org.uk/mortgage-help)

## Consider your options

- Speak to your mortgage lender. They might be able to help you – for example, by making an arrangement to help you repay your mortgage arrears.

- Get free and independent debt help online, by phone or face-to-face from a debt adviser. They might also deal directly with your lenders for you.
- Speak to your other creditors. You might be able to sort out a repayment plan to help you manage your debts and keep your home.
- Check if you qualify for government help, including benefits. Visit our Benefits calculator at [moneyhelper.org.uk/benefits-calculator](https://moneyhelper.org.uk/benefits-calculator)
- Consider selling your home on the open market and finding somewhere else to rent. You can use an estate agent to sell your property, but be aware it might take longer and you'll likely pay a fee.
- If you're 55 or over, see if equity release is a suitable option. It's a way of raising money from your home that allows you to stay there, but it's not right for everyone. Get more information at [moneyhelper.org.uk/equity-release](https://moneyhelper.org.uk/equity-release)

Before considering a sale-and-rent-back scheme, it's worth getting advice on dealing with arrears. Find a free debt adviser near you at [moneyhelper.org.uk/debt-advice-locator](https://moneyhelper.org.uk/debt-advice-locator)

## If a sale-and-rent-back scheme is your only option

- Make sure you can afford the rental payments and that you understand the agreement, the risks and what might happen if things change.
- Make sure you deal with a firm regulated by the Financial Conduct Authority (FCA), the UK's financial services regulator. The firm must check that the scheme is right for you and have a complaints and compensation procedure in place for you to use if things go wrong. Check to see if a firm is regulated at [register.fca.org.uk](https://register.fca.org.uk)
- Check the Key Facts Illustration the firm will give you for important details of the scheme.
- Shop around to compare schemes from different companies.
- Check if using a scheme would affect your right to benefits, including Housing Benefit – speak to the welfare benefits office at your local council or Citizens Advice.
- Read the terms of your tenancy carefully and get advice, so you know what you must do to avoid being evicted.
- Try our **Budget planner** at [moneyhelper.org.uk/budget-planner](https://moneyhelper.org.uk/budget-planner) or ask one of the free debt advice agencies to help you to work out your budget.

For free and impartial help with your money problems, check out the *Useful contacts* section on the other side of this leaflet or visit [moneyhelper.co.uk](https://moneyhelper.co.uk)



## Get the Key Facts Illustration

Firms must give you a document called a Key Facts Illustration. It shows important information about the scheme, including:

- the market value of the property (normally in the form of a valuation report)
- the price the firm will pay for the property
- the fixed term of your tenancy agreement, which must be at least five years
- the rent you will pay under the agreement
- when the rent can be increased
- what happens if you fall behind with your rent.

When you get a written offer to buy your home, you'll have 14 days to consider it before the firm can contact you again. You can change your mind during this time, known as a 'cooling-off period'.

## If things go wrong

### • Complaints about the sale of the scheme

If you deal with a regulated firm, they must have a formal complaints procedure. Complain to the firm first. If you're unhappy with their decision, you can take it to the Financial Ombudsman Service which is free to use.

### • Complaints about how you are treated as a tenant

Contact Shelter or your local Citizens Advice for advice on your rights.

## Useful contacts

### MoneyHelper

MoneyHelper is independent and backed by government to help you make the most of your money. We give free, impartial money and pensions guidance to everyone across the UK – online and over the phone.

Visit us at [moneyhelper.org.uk](https://moneyhelper.org.uk)

Or contact us via:

#### Phone

Money guidance

UK: **0800 138 7777**

if you're outside the UK:

**+44 20 3553 2279** Mon – Fri 8am to 6pm

Pensions guidance

UK: **0800 011 3797**

if you're outside the UK:

**+44 20 7932 5780** Mon – Fri 9am to 5pm

#### Webchat

[moneyhelper.org.uk/moneychat](https://moneyhelper.org.uk/moneychat)

[moneyhelper.org.uk/pensionschat](https://moneyhelper.org.uk/pensionschat)

#### WhatsApp

**+44 7701 342744** (money guidance only)

#### Online communities

Join our Facebook groups for support:

[moneyhelper.org.uk/online-communities](https://moneyhelper.org.uk/online-communities)



### Shelter

Advice on mortgage debt, understanding schemes and their effects, and your rights as a tenant and Housing Benefit claims.

England and Scotland 0808 800 4444

Wales 08000 495 495

[shelter.org.uk](https://shelter.org.uk)

### Citizens Advice

Advice on mortgage debt, benefit entitlements, understanding how sale-and-rent-back schemes might affect you, and your rights as a tenant. Find your nearest branch.

England 0800 144 8848

Wales 0800 702 2020

Scotland 0800 028 1456

[citizensadvice.org.uk](https://citizensadvice.org.uk)

### StepChange Debt Charity

Advice on budgeting, mortgage debt and bankruptcy.

0800 138 1111

[stepchange.org](https://stepchange.org)

### National Debtline

0808 808 4000

[nationaldebtline.org](https://nationaldebtline.org)

### Advice NI

0800 915 4604

[adviceni.net/advice/debt](https://adviceni.net/advice/debt)

### Local council

For information on whether you would qualify for Housing Benefit if you plan to enter into a sale-and-rent-back scheme. Search for your local council at

[gov.uk/find-local-council](https://gov.uk/find-local-council)

### Financial Conduct Authority

To check the FCA's Financial Services Register or report a scheme advert you think is unfair, unclear or misleading.

Consumer helpline: 0800 111 6768

Text Relay: 18001 0207 066 1000

[fca.org.uk](https://fca.org.uk)

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Helper**

From

**Money &  
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