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Flexi Interest Reward: A fully flexible feature

Flexi Interest Reward is a feature of our Flexi lifetime mortgage where your client is rewarded with an interest rate discount for life for making a period of monthly payments. It's designed to significantly reduce your clients' cost of borrowing over the lifetime of their loan.

How does it work?

Flexi Interest Reward allows your customers to choose their own monthly payment and payment term. In return, they're rewarded with a personalised interest rate discount for the life of the loan, providing all payments are made.

Who is Flexi Interest Reward for?



Aged 55 to 82+364 days



Need an LTV between 5 to 48%



£125,000¹ to £2m² house value



Want a lump sum release (lump sum only feature)

1. Ex-Local £150,000 minimum.
2. England – £1m in Scotland and Wales.

Initial advance arrangement fee: £995

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Your client could be suitable for Flexi Interest Reward if they're willing and able to make a period of monthly payments to secure a lower interest rate. It could also provide a good customer outcome for customers who want to reduce their monthly outgoings by paying off an existing mortgage, or if they want to extend their existing mortgage debt into retirement and choose how much and for how long they make mortgage payments.



To find out more about who is and isn't suitable for Flexi Interest Reward, download our **Product Information Sheet**.

Is Flexi Interest Reward affordability tested?

You're expected to conduct an affordability assessment before recommending Flexi Interest Reward to ensure it's affordable; however, we won't assess your client's credit score and their home won't be repossessed if they have to stop making payments. Nevertheless, the consequences of not maintaining the monthly payment, such as the increase in cost of borrowing, must be understood.

You can download our [Income and Expenditure Template](#) to help when conducting an affordability assessment with your client, or use one of the many helpful online tools, such as [Air's Navigator Tool](#).





How does Flexi Interest Reward compare to other Interest Reward lifetime mortgages?

Flexi Interest Reward is unique in that your client can choose how much they pay and for how long depending on their individual budget and later life needs¹. It also offers a rate discount for life, providing all payments are made, and the max loan amount is based on the max LTV available.

	Flexi Interest Reward	Other Interest Reward options
Payment term and amount	Personalised to your client: Payment Min £50 payment, max 10% of the initial loan amount each year Term Between 2 years – when the oldest applicant turns 85	Varies by lender. Term and /or payment amounts are limited by some lenders to specific combinations e.g. 25% of interest over 5, 10 or 15 years. Others require a minimum of £25 or 25% of the interest to be paid for the entire life of the loan to retain the discount
Rate discount	For life ²	Most only offer a discount during the payment term
Max loan	No maximum, loan based on max LTV available and PV	Varies by lender, although typically from £750k to £1m
Overpayments	Allowable up to 10% initial loan ERC free, inclusive of monthly payments	Some lenders will charge an ERC if a client wishes to make overpayments in addition to their contractual payments

1. Subject to criteria.

2. Providing all payments are met. Tiered discount removal if payments stop early.

What happens if my client stops making payments?

Your client can temporarily reduce their monthly payments at any time to help manage budgeting. Alternatively, they can take a payment break during their payment term. In both instances, your client will keep their discounted interest rate providing the account goes no more than three months into arrears during the contractual payment term and any shortfall is repaid within three months.

If your client needs or wants to stop making payments, we can remove the Interest Reward feature from their Flexi lifetime mortgage. This won't affect their security of tenure, and they won't lose their full interest rate discount providing more than 25% of the payments have been made.

Payments made	Loss of discount
Less than 25%	100%
25–49.99%	75%
50–74.99%	50%
75–99.99%	25%



To find out more about Flexi Interest Reward and how it could help you deliver better customer outcomes to your clients, watch our free webinar.

For more information

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the later life lender