

# Deferred payments - factsheet

This factsheet has been produced in conjunction with the Adult Care Charging Policy 2020 and we advise you to read [the full policy](#). The purpose of this factsheet is to give you advice and information about the council's Deferred Payment Agreement scheme which aims to make sure you do not have to sell your home to pay for care during your lifetime.

## What is a Deferred Payment Agreement (DPA)?

A Deferred Payment Agreement makes sure you do not have to sell your home to pay for the costs of care in a care home during your lifetime, if you do not want to. The agreement offers you a loan from the council, using your home as security. It means that you do not have to pay the costs of your care until a later date, for example when the house is sold, or by way of your estate after your death. Equally some people may wish to use a Deferred Payment Agreement as a "bridging" loan to give them time and the flexibility to sell their home when they chose to do at a time that is right for them..

There are two types of Deferred Payment Agreement

1. **Traditional DPA** – this is used where we, the council, have arranged your care and pay the care home directly at the council's contracted rate, deferring your payments owed to the council to a later date
2. **Loan DPA** – this is used where you have made your own care arrangements and contract directly with the provider at the cost agreed between you and the provider. In these circumstances we loan you the cost of your care in instalments and you pay your care provider. There is no 12 week disregard period in these circumstances as the council is not charging you for your care.

## Who can apply for a Deferred Payment Agreement?

Generally anyone who lives in Lincolnshire and owns their own property can apply for a DPA to cover the cost of their care. The following must also apply:

- you have been assessed by the council's Adult Care team as needing a permanent stay in a care home to meet your needs
- you do not have any other assets or savings over £23,250, apart from the value of your main or only home
- your home is not disregarded for the purposes of the financial assessment, for example, it is not occupied by a spouse or dependent relative

- you must agree to us placing a legal charge on your property
- you must sign any associated deferred payment documentation
- all co-owners will be required to sign the Deferred Payment Agreement and the necessary documentation to secure the charge with the Land Registry; the DPA will apply to your share of the property
- there can be no other beneficial interests on the property, for example, outstanding mortgages, loans or equity release schemes, unless this is approved by us prior to entering the agreement.

### **Will my application be approved?**

There may be circumstances where we refuse to offer a deferred payment even if you meet the eligibility criteria, for example where we cannot secure a first charge on your property or where you do not agree to the terms and conditions of the agreement. Additionally, there may be circumstances where we will use our discretion and still offer a deferred payment, even if you don't meet all of our criteria. We can also refuse to defer or loan any more charges should you, for example, breach your agreement terms.

### **When we might stop your DPA?**

A deferred payment can be terminated if you repay the full amount due, or when you sell your property and we are repaid from the proceeds of the sale, or on your death and the amount is paid back from your estate.

### **Can someone else apply for me?**

Yes, if you have a financial Deputy or a Lasting Power of Attorney for property and finances, they can enter into the Deferred Payment Agreement on your behalf. It is expected that a relative or solicitor will apply to the Court of Protection to become a financial deputy where one is required but isn't yet in place.

For a loan DPA to start, legal authority must already be in place. For a traditional DPA, we will fund care on behalf of the individual receiving it whilst an application is with the court. Where it is considered that any Deputy or Attorney is not acting in the best interests of the individual receiving care, a referral will be made to our Safeguarding Team.

### **What costs are involved?**

The Care Act 2014 allows the council to charge interest for the duration of the Deferred Payment Agreement – this rate will be set each year. This applies to both types of Deferred Payment Agreement and the rate changes in January and July each year.

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The council charges an administration fee to cover costs – but will not make a profit from the arrangement. This covers the costs involved in setting up,

maintaining and closing a deferred payment. Legal disbursement costs may also apply for items such as land registry fees, but legal service will contact you separately.

## **Choice of Accommodation**

Where your care and support plan has identified that your needs are best met in a care home, subject to certain conditions, (such as suitability, availability, type of accommodation, terms of business, cost), we must provide for your preferred choice of accommodation. However, where your preferred choice of accommodation costs more than your personal budget, you will only be provided with that accommodation where a top up payment is made. The top up is the difference between the cost of the accommodation and the cost the council will pay (the amount identified in your personal budget).

### **First and third party top ups**

There are two types of top up – first and third party top ups.

#### First party top up

This is where the potential resident meets the cost of the top up. There are only three circumstances in which the resident can pay their own top up. A person can legally pay their own top-up when they have joined the deferred payment scheme. The top-up charge is added to the debt that is accruing. The second circumstance is where the potential resident has the benefit of the 12 week property disregard during which time the resident can top up from their own resources. The third circumstance is where they are receiving accommodation provided under Section 117 of the Mental Health Act aftercare. In these circumstances, where the resident is paying the top up, it is known as a "First Party" top-up.

#### Third party top up

In most cases, a top up will be paid by a third party. The third party is usually a family member or friend who is willing and able to pay the difference between your personal budget and the actual cost of the home for the duration of the likely stay.

The council must be able to offer you at least one care home that can meet your needs within your personal budget. Where you have not expressed a preference and no suitable accommodation is available at your expected cost, the council will arrange care in a more expensive setting and adjust your personal budget accordingly. In these circumstances you will not be expected to pay a top up. Only where a more expensive setting has been chosen can a top up payment be sought. Your worker will be able to provide you with more information about top ups.

You should be aware of the implications of choosing a more expensive care home. In particular both the resident and any person paying a top up will need to appreciate that they will need to meet the additional cost of that accommodation (the top up) for the duration of your stay. If the additional cost cannot be met, you may be moved to an alternative setting which is within your personal budget. If the top up payments fail to be paid the local authority will meet the costs in the interim or make alternative arrangements for your care subject to a needs assessment.

### Independent advice

Paying for care can be complex, particularly if you are funding your own care. The council cannot provide individual financial advice directly, but we do recommend that you consider seeking independent financial advice as early as possible. We will assist you to understand how to access independent financial advice. We recommend that you check that any financial advisor you choose to use is registered with the Financial Conduct Authority (FCA).

You may also wish to take legal advice from a solicitor to assist you with any proposed arrangements. Should you wish to do so, the following link might be helpful: [solicitors.lawsociety.org.uk/](http://solicitors.lawsociety.org.uk/)

### Other finance factsheets available & contacts

- Paying for Adult Care
- Charging for Residential Care
- Charging for Community Care
- Direct Payments
- Self Funders

If you need to contact us:

Team	Contact details
Adult Care and Community Wellbeing Customer Service Centre	Phone: 01522 782155 Email:customer_services@lincolnshire.gov.uk Website: www.lincolnshire.gov.uk
Adult Care Finance Team	Non-residential services phone: 01522 552634 Residential/Nursing services phone: 01522 555255 Email: Fin_Assessments@lincolnshire.gov.uk

Lincolnshire County Council, in accordance with current legislation, wants to treat everyone fairly.

Although we do not translate things as a matter of course, there are times when the language barrier prevents people from accessing a service. In such cases it may be appropriate to provide an interpreter or written translation. Further information can be found at Lincolnshire County Council's [website](#).

In line with the Accessible Information Standard, where a customer needs this document in a different format, for example, large print, braille or easy read, they should contact us on 01522 782060.