



Department of Social and Family Affairs

Elderly People Must Be Protected In Financial Dealings – Mary Coughlan Minister For Social And Family Affairs

Elderly people who borrow against their homes must be protected in their dealings with financial institutions, said Mary Coughlan Minister for Social and Family Affairs.

“It is important that everyone who enters into any financial dealings makes themselves fully aware of their rights and entitlements – as well as their obligations.

“Elderly people have in recent times been targeted by financial institutions, advising them they can borrow against their greatest asset, their home.

“I was disturbed to learn of an elderly Dublin couple who borrowed the substantial sum of €250,000 against their home, only to find that they had not realised it affected their entitlement to a non contributory pension by leaving their money in a deposit account.

“I can understand why people would want to free up their equity , and many people who bought decades ago when house prices were relatively small in comparison to today are sitting on a very valuable asset – yet one which gives them no spending power.

“However, it is important that elderly people who may be more vulnerable, inform themselves of their rights, responsibilities and their future situation by taking independent financial advice. I believe that any such agreement between a financial institution and persons taking up these products should be obliged to state on their agreement form that they were advised to and considered taking financial advice.

“I have written to the Irish Financial Services Regulatory Authority to suggest this, and look forward to their response, “added Minister Coughlan.

At the end of March 2004, there were 201,788 people receiving an old age contributory or retirement pension and 86,194 receiving an old age non contributory pension provided by the Department of Social and Family Affairs.

In 2003 pension and payments to old people accounted for 23.8 per cent of the social welfare budget, up 8.9 per cent on the previous year totalling an all time high of €2,499,967,000.

In addition the Department of Social and Family Affairs provides supports for the elderly including a series of free schemes to elderly people, including free telephone allowance, free TV license and heating allowances.

Ends May 9th 2004