

Deferred Payment Agreement FAQs

What is a Deferred Payment Agreement?

A Deferred Payment Agreement (DPA) is an arrangement with the council that allows people to use the value of their homes to help pay for care home costs. If you are eligible, the Council will set up a loan secured on your home, which will help pay the cost of your care on your behalf. You can delay repaying us until you choose to sell your home, or until after your death.

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

A deferred payment agreement is only one way to pay for care. To find out more about the options available, you can speak to a financial adviser or seek advice from an independent organisation.

Who can have a DPA?

If you are in or moving into a residential or nursing care home, you can apply for a DPA if:

- You have been assessed by Adult Social Care as needing that care,
- Own your home (unless your partner or certain others live there), and
- Have savings or investments of less than £23,250 (not including the value of your home or your pension pot).

How do I apply for a DPA?

We will talk to you about the DPA process when we assess your finances to work out the contribution needed towards your care. There is an application form to be completed and certain criteria that needs to be met, which we will tell you about.

When will I have to repay the DPA?

You can sell your home and repay the DPA at any point. Or you can have a DPA for all of the time you are 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 tells us 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 the sale costs of the property (like solicitor's fees), to protect the Council against a drop in house prices and cover the risk that we may not get all of the money back.

What if my husband/wife/civil partner still lives at home?

If you need care in a care home but your partner will stay living in your home then the council will consider your partner's circumstances as well as your own. Depending on your partner's circumstances, we may ignore 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 means that you will not need to sell your home to pay for care and will not need a DPA. If your partner has circumstances that mean we cannot disregard the value of your home, you should still be able to get a DPA, provided your partner is willing to sign the agreement too.

I pay for my own care at home; can I apply for a DPA?

A DPA is designed for people who are most at risk of selling their home to pay care fees. If you are still living in your own home there are other ways for you to pay for your care (including council support if you have less than £23,250 in savings and investments). You could speak to a financial adviser or an independent organisation to find out more.

I already live in a care home. Can I apply for a DPA?

If you have savings and investments of less than £23,250 and you do not have a partner or dependent living in your home, you should be eligible for a DPA. Contact us directly to find out more.

How much will it cost me to set up a DPA?

Every council is entitled to charge an administrative fee for setting up a DPA. This is to cover the fees and charges that we have to pay out. We will not charge you more than we have paid and will tell you how much the administration fee will be before you sign the DPA.

What is the interest rate on a DPA?

We can charge interest on the amount owed to us whilst we are helping to pay your care home bills on your behalf. The interest rate is currently 2.65%, and will be reviewed every six months according to the advice from the Government. Interest is charged to cover our costs and not to make a profit.

I don't want to leave my home empty. What can I do?

Your home needs to be maintained and insured for as long as you have a DPA with us, even if it is empty. You may choose to rent your home to someone, in which case, the rent you charge will be used to reduce the amount of care fees deferred.

I don't want my home to be sold, even after my death. What do I do?

If you have a DPA, it means you should not have to sell your home in your lifetime unless you decide you want to, but you are agreeing that the loan will be paid from the equity from your home. As with any loan, the money owed to us for care home fees paid on your behalf will need to be repaid eventually. This can either be repaid by selling your home or arrangements can be made to pay us in another way, if that is an option. For example, someone else could pay the money owed, or your family could use any pay-out from your life assurance after your death. The DPA 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.

I have gifted my money and my home to my children. Can I still have a DPA?

Even if you have a DPA and we have a legal charge against your property, it still belongs to you. You can make a gift of money and/or your home if you wish, but the care costs that have been deferred still have to be repaid at the end of the agreement, either through the sale of your home after your death, by someone else or from something like a payout from a life-assurance policy.

If we believe that your home or money has been given away just to avoid paying care charges, we still have the power to recover any money that is owed to us.

How long does it take to set up a DPA?

During the first 12 weeks you move into a care home, the value of your home is ignored for the purposes of calculating what you might pay towards the cost of your care. If you apply for a DPA and are eligible, we will aim to set up the arrangement during these 12 weeks.

Who will value my home?

A surveyor from the Council will value your home. If you do not agree with the valuation, you can arrange and pay for your own, but it must be an independent valuation by a member of the Royal Institute of Chartered Surveyors.

What will happen to my home after my death?

The Executor of your estate will need to 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, your home will be dealt with according to any instructions you have left.

What will happen if the deferred amount isn't paid back within the 90 days? Will they be charged extra?

If, after 90 days, reasonable steps haven't been taken to repay the deferred amount then we may have to recover the amount owed through the courts and additional court costs may be charged.

My mother is going into a care home and I think she is eligible for a DPA, but she is very confused. Can I apply on her behalf?

If the person in care 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 another in applying for a DPA.