

Deferred payments

What do I need to know?

The amounts quoted are valid up to April 2027



What is a deferred payment agreement?

A deferred payment agreement is an arrangement with us, West Sussex County Council, that allows you to use the value of your home to help pay the cost of your residential care.

If you are paying for your own care, but can't afford to pay the full weekly cost because most of your money is tied up in your home, a deferred payment agreement means you don't have to sell your home immediately to release the money to pay for your care.

Considering your options

Deferred payment agreements will suit some people's circumstances better than others. A deferred payment agreement is only one way to pay for your care.

We strongly recommend that you get independent financial advice if you are thinking about having a deferred payment. This will make sure that you understand all the options that are available to you and you will be clear about whether a deferred payment is right for you and your family. Please see the information about getting independent financial advice on page 11 of this booklet.

Other formats

If you would like more copies of this leaflet or need this information in another format, for example, in large print or Easy Read, on audio CD or in a different language, please contact us. Please see the back page of this booklet for contact details for our Adults' CarePoint.

How does a deferred payment agreement work?

A deferred payment is a loan from us that uses your home as a guarantee that we will get the money back.

You will still pay the weekly contribution towards your care that you have been assessed as being able to pay from your income and other savings, but we will pay the part of your weekly costs that you can't afford.

We will pay your care costs up to a maximum total amount. The maximum amount will usually be 80–90% of the value of your share in your property, but this may vary. If the total amount deferred reaches the maximum amount and you are unable to pay your own costs, you may become eligible for funding from us. We will only pay up to the amount we have agreed to meet your assessed needs. If you, or someone on your behalf, have been paying an extra amount towards the cost of more expensive care than we have assessed that you need, the payments would need to continue or you may have to move to a different residential care setting. You will still need to pay a weekly contribution to the cost of your care.

The deferred payment is usually paid back by selling your home and using the money to repay the loan. You can choose to sell your home and repay the loan at any time, or you can keep your home during your lifetime and the deferred payment will be repaid out of your estate after your death.

You can also pay the debt back in another way if you prefer.

If you rent out your home while you have a deferred payment agreement in place, we will expect you to use the rental income towards the cost of your care to reduce the amount of the deferred payment.

Who can have a deferred payment agreement?

To be able to enter into a deferred payment agreement, you must:

- be assessed by a social care worker as needing residential care;
- be currently living or going to live permanently in a registered residential care or nursing home;
- own or partly own your home which must be in the UK;
- have savings and investments of £23,250 or less (not including the value of your main or only home); and
- have the mental capacity to enter into a deferred payment agreement or have a legally-appointed person who is willing to do this for you.

We will need to take account of any other interests in the property when deciding how much you can borrow. For example, another person may have a legal share in your home or some of the value may be tied up in a mortgage or an equity-release scheme. If this is the case, that person or company will need to give their permission before we can offer you a deferred payment.

You will not be able to enter into a deferred payment agreement if your home is not counted in the financial assessment of how much you can pay towards the cost of your care. The value of your home will not normally be included in the financial assessment if:

- you have lived in a care home for less than 12 weeks as a permanent resident;
- you are only staying in a care home temporarily;
- your partner, a child under 18 or a relative (as defined in the Care and Support (Charging and Assessment of Resources) Regulations 2014) who is over 60 or disabled still lives in your home; or
- you are receiving care in your own home rather than living in a residential care home.

Disposable Income Allowance

You have a right to keep a proportion of your income. The 'Disposable Income Allowance' is a fixed amount of up to £144 a week of your income, which you can keep to pay for ongoing home insurance, property maintenance costs and to cover your weekly spending needs.

If you prefer, you may choose to keep less of your income than the maximum £144 a week so that you can contribute more to the cost of your care from your income. This would mean that you could reduce the amount of your deferred payment and, as a result, reduce the amount of interest you have to pay.

During your financial assessment we will ask you how much of your weekly income (up to a maximum of £144) you want to keep.

You should not use the Disposable Income Allowance to:

- top up the overall cost of the weekly care home fee; or
- pay for services which the care home should normally include as part of its care package to residents.

Your savings and investments must remain below the £23,250 limit in order for the deferred payment agreement to continue. If your savings and investments increase above this level you can take either or both of the following actions to reduce the amount.

- Pay a lump sum off your deferred payment agreement account
- Increase your weekly contribution towards your care from your income by asking for a reduced Disposable Income Allowance

What will I need to do to enter into a deferred payment agreement?

You will need to do the following.

- Make sure your home is registered with the Land Registry. If it isn't, you must arrange and pay for it to be registered.
- If another person or a company has an interest in your home, you will need to get their written permission before you can enter into a deferred payment agreement.
- Have a responsible person who is able to make sure that any necessary maintenance is carried out on your home (you will continue to pay for maintenance from your Disposable Income Allowance).
- Continue to insure your home at your own expense and give us evidence that there is appropriate insurance in place.
- Pay your own contributions to your care costs on time.

If your home cannot be insured for any reason, you will not be able to enter into a deferred payment agreement.

Charges for deferred payment agreements

We will charge fees to arrange and manage a deferred payment agreement. The fees are simply to cover our costs and not to make a profit. They will meet the costs of legal fees, property valuation, Land Registry fees and administrative costs.

If you want to apply to us for a deferred payment agreement, you must send a one-off administration charge of £721 with your application. If a property valuation is needed, we will charge a separate fee of £350. You will also have to pay an ongoing weekly administrative charge of £10.80.

We will write to you separately about these charges if you decide to enter into a deferred payment agreement.

Interest on deferred payments

We will charge interest on deferred payments in the same way as a bank would charge it on a loan. We will charge interest in line with the national rate that local authorities can charge. The national interest rate changes every six months.

The interest rate charged from 1 January 2026 to 30 June 2026 is 4.75% per year. To find out the interest rate from 1 July 2026, please ask the member of staff working with you, or visit **[westsussex.gov.uk](https://www.westsussex.gov.uk)** and search 'Deferred payments'.

Interest will apply from the day you enter into the deferred payment agreement. It will be compound interest. This means that we will calculate the interest and add it to the loan every day.

You will receive statements every six months. These will tell you how we are calculating your interest and the outstanding amount on your deferred payment account.

Entering into the deferred payment agreement with us

If you decide to enter into a deferred payment agreement, you will sign a legal contract or agreement with us. The legal agreement covers both your responsibilities and ours.

To be accepted for a deferred payment agreement, you must meet the requirements for the scheme and we must be able to gain adequate security for the loan. We would usually do this by placing a 'legal charge' or mortgage on your home.

To find out more about taking out a deferred payment agreement, speak to your social care worker. If you don't have a social care worker, you can contact our Adults' CarePoint. See the back of this leaflet for our contact details.

Ending a deferred payment agreement

You, or someone acting on your behalf, can pay off the loan and end the agreement at any time. For example, you may decide to sell your home and pay off the loan. There are circumstances in which we may stop deferring costs for your care. For example:

- if the amount you owe on the deferred payment agreement has reduced the value of your savings and investments (including the value of your property) to a level where you become eligible for local authority support;
- if you no longer need to be in a care home;
- if you do not keep to the requirements of the deferred payment agreement; or
- if your home is no longer included in the assessment of your finances for any reason and you then become eligible for funding from us, for example:
 - in certain exceptional circumstances, if a husband, wife or relative (as defined in the Care and Support (Charging and Assessment of Resources) Regulations 2014) has moved into the property after the deferred payment agreement started; or
 - if a relative who was living in the property at the time the deferred payment agreement started becomes a dependent relative.

You will still have to pay the interest that builds up on the amount of money we have already paid for your care (the deferred payments). We would give you at least 30 days' notice that further deferred payments will stop.

Your social care worker or another member of staff will explain these circumstances to you in more detail.

If you do not end the agreement, it will finish when you die and the loan will need to be paid from your estate within 90 days. Interest will continue to build up on the deferred payment following your death until the loan is paid in full.

Advantages of deferred payment agreements

- You won't have to sell your home during your lifetime to pay for care if you don't want to.
- If you receive funding from us under a deferred payment agreement, you could pay an extra amount towards the cost of more expensive care than we have assessed that you need. The extra money can be added to the amount being deferred against the value of your home. We would need to be satisfied that there is enough value in your property to cover this extra amount on an ongoing basis.
- If someone already pays extra money towards your care, you may be able to add the cost of these payments to your deferred payment agreement, if there is enough equity or financial value in your home. This means that the person would no longer need to pay the extra money towards your care.

Other options

You do not have to take out a deferred payment agreement. There may be other ways for you to pay for your care without selling your home.

- You might choose to rent out your home, which could give you enough income to cover the cost of your care. The advantages of this option are that you would not build up debt and your property would be occupied, with your tenant paying the bills and council tax.
- There are equity-release schemes available which you can use to release money from the value of your home.
- You can buy immediate care plans or annuities (insurance plans) to pay for your care.
- You could choose to pay the cost of your care from your available income, savings and assets, or a family member could pay some or all of this for you.

We strongly recommend that you get independent financial advice before you decide whether a deferred payment agreement is right for you. We can provide you with information about the Carewise care funding scheme which provides specialist independent financial advice. You can of course get advice from other financial advisers if you prefer.

Confidentiality and privacy

We will keep all the information you give us confidential. We will only share your information with other organisations if you give us your permission or in line with the Data Protection Act 2018.

We are the data controller for the purposes of the Data Protection Act 2018. This means that we are responsible for making decisions about how we use your personal information.

We have a security procedure to protect information we hold in paper files and on computer, and the only people who can have access to your information are staff who need to see it. If you have any questions about data protection, please contact our Adults' CarePoint. See our contact details on the back page of this booklet.

Care funding advice

If you are considering a deferred payment agreement or would like to find out more about the different ways to pay for care, the Carewise care funding advice scheme can help.

Carewise was set up by the County Council, Age UK West Sussex, Brighton and Hove, the Society of Later Life Advisers and West Sussex Partners in Care to offer information and advice on the different care options that are available and the best ways to pay for care. The scheme includes a panel of Carewise-approved independent financial advisers who specialise in providing financial advice about paying for long-term care.

To find out more, visit **carewiseadvice.com** or phone **0330 222 7000**. Or you can call using BT Relay UK on **18001 0330 222 7000** (from a textphone or the BT Relay UK app downloaded onto a computer, tablet or smartphone).

Other information about residential care

You can find more information about choosing residential care in our leaflet 'Choosing and paying towards care in a residential or nursing home'. Go to 'Adults' social care publications' on **westsussex.gov.uk** or contact Adults' CarePoint and ask for a copy. See our contact details on the back page of this booklet.

Adults' CarePoint

Phone: **01243 642121**

Calls using BT Relay UK: **18001 01243 642121**
(for deaf callers from a textphone or the
BT Relay UK app downloaded onto a computer,
tablet or smartphone)

Website: **westsussex.gov.uk/contact-help**
Fill in the online 'Contact us' form.

Write to: **Adults' CarePoint**
County Hall
Chichester
West Sussex
PO19 1RQ

The information in this leaflet is just a guide. It does not replace independent legal and financial advice or the law.

You can get specific information based on your own circumstances from a social care worker. Please contact Adults' CarePoint for more information. See our contact details above.

Adults' Services is committed to providing a fair, inclusive and respectful environment. Everyone who uses or works in our services should be treated with dignity and feel safe.

We understand that people may contact us during stressful times, and that some disabilities or conditions can affect how people communicate. However abusive, threatening or discriminatory behaviour towards staff is never acceptable. This includes discrimination, harassment, violence or prejudice of any kind. It applies to all contact with us.

We ask that you treat our staff with courtesy and respect, communicate appropriately, and allow them to carry out their work safely. If behaviour is unacceptable, we may need to end the conversation or take steps to protect staff. Serious incidents will be reported to the police.

This approach does not affect your right to access services, raise concerns or challenge decisions. By working together, we can maintain a safe and respectful environment for all.