

Helping Homeowners to Pay Residential & Nursing Care Costs Until Their Property is Sold

Fact Sheet 6

(November 2025)

What is the Deferred Payment scheme?

The Deferred Payment scheme is a legal arrangement to enable someone moving into a residential or nursing care home to agree with the local authority to pay some of their care home fees until they access funds tied up in their property. The scheme is available for those individuals who own a property and whose savings and/or other assets are below the maximum capital threshold, and they do not have sufficient weekly income to meet the full cost of their care. Any money which the local authority pays out in these circumstances is repayable when the property is sold or when the care is no longer required. The arrangement is similar to a loan or mortgage for the period determined in the Deferred Payment agreement terms and conditions. You will need to agree to the Council placing a legal charge on the property as security for the debt.

Currently the authority does not charge any fees for valuing the property and does not charge interest on any debt until 91 days after the date the resident passed away or is discharged from the residential/nursing care home, however this policy will continue to be reviewed periodically.

The authority does charge an administration fee, currently £200.00 for arranging the Deferred Payment agreement.

You should be aware that as care home fees usually increase each year, or can change if there is a change in your needs, then the amount being deferred will also change in accordance with the full cost of the placement and the amount of income received (the difference between these two figures is the amount that will be deferred).



Who is the scheme for?

It is for homeowners who are moving permanently into residential or nursing care arranged by the local authority who either:

- do not have enough accessible money to pay for their care
- do not wish to sell their home
- are unable to sell their home quickly enough to pay for their care.

How do I become eligible for the scheme?

To join the scheme, you must:

- have been assessed by the Department for Communities as requiring residential or nursing care in a care home
- be eligible for funding from the Council
- have a beneficial interest in a property you have been living in which is worth enough to cover the assessed charge
- pay a weekly contribution based on an assessment of income and assets

Also, the following conditions must apply:

- that the property has not been disregarded as part of the financial assessment process
- that your other capital assets (not including your property) are below the maximum capital threshold, and you do not have sufficient weekly income to pay the full charge
- that you agree with all the terms and conditions of the deferred payment agreement offered
- that any other person who has an interest in the property consents to the deferred payment agreement and the property is not owned as 'Tenants in Common' with the joint owner
- that the local authority is able to create the first charge on the property as security for the debt. This means that the property will need to be registered with the HM Land Registry if it is not already registered.

Refusal/Termination of a Deferred Payment agreement

The local authority can refuse a deferred payment agreement in some circumstances:

- where the local authority is unable to obtain a charge on the property due to ownership issues (e.g. the property is owned as Tenants in Common), or the property is not registered with the Land Registry



- where the local authority is unable to secure the consent of any other person who has an interest in the property
- where the local authority is unable to obtain the first charge on the property
- where your capital (other than your property) exceeds the maximum capital threshold, or you have sufficient weekly income to pay the full charge of the care home
- where you do not or cannot agree to the terms and conditions of the Deferred Payment agreement

The local authority may also stop deferring care costs/terminate a Deferred Payment agreement on a permanent or temporary basis, in some circumstances:

- where there is not enough equity in the property once the amount already deferred is taken into account
- where the property subsequently becomes disregarded from the financial assessment process
- where the property is sold, and the outstanding care costs have been paid in full (including interest and fees if applicable)
- where the resident passes away
- where the outstanding care costs have been paid in full (including interest and fees if applicable)
- that your other capital assets (not including your property) are in excess of the maximum capital threshold and/or you have sufficient weekly income to pay the full charge
- where you no longer have an assessed need for care in a care home
- where the terms and conditions of the Deferred Payment agreement are breached, and this cannot be successfully resolved

You can also choose to terminate a Deferred Payment agreement. Payment of any amount deferred will then be due in full.

How does the scheme work?

Everyone is offered a financial assessment to determine how much they will pay towards their care and support and for the first twelve weeks your property (former main residence only) is disregarded from the calculation. From the 13th week your property will be included in the financial assessment and the amount you are required to pay per week may be higher than your income. You will still be expected to pay the income element of your charge to the Council, this would include any rental income received and the balance of the charge, which relates to



your property will be deferred against the property. This will give you the opportunity to consider the best way in which to meet the cost of your care; you could choose:

- to sell your property
- to enter into a Deferred Payment agreement
- to pay the full charge from your disregarded capital or disregarded income
- to rent your property to tenants and pay the charges from your rental income
- for a third party to contribute towards your care costs
- to keep less of your Minimum Income Amount in order to reduce the amount deferred

Entering into a Deferred Payment Agreement means that you will have the opportunity to defer part of the payment until a later date and in order to do this the Council will arrange to value the property and you will need to agree to Carmarthenshire County Council placing a legal charge on your property as security for the debt. In return the Council will pay the balance of care costs, not covered by your income, up to an agreed rate that would have been met from the sale of the property, to be repaid at a later date.

The total amount you can defer will be determined by the value of your property and the level of the care costs being deferred – a statement will be provided on a 6 monthly basis showing the amount deferred.

If you enter into a Deferred Payment Arrangement you could also use the scheme to pay for more expensive accommodation (an Additional Cost – please see Fact Sheet 26) depending on the net value of your property. This will only be possible once the Deferred Payment Agreement has been completed; prior to this a third party will have to agree to pay the Additional Cost.

You may wish to seek independent financial advice before entering into a Deferred Payment agreement.

You should inform the local authority if you decide to sell your property. You will be required to pay the amount deferred in full from the sale proceeds. Interest on the debt may also be due.

If you propose selling the property for less than the amount that the Local Authority has valued the property at, please let us know as this will affect the amount owed under the Deferred Payment Agreement and could be viewed as a deliberate deprivation of assets.



If the property is sold, you will need to inform the local authority 10 working days prior to the proposed completion of the sale, and provide a completion statement, to allow time to calculate the outstanding amount (including any fees/interest due) based on the net proceeds and other capital and income received and then relinquish the legal charge on the property.

When must the money be repaid?

The amount deferred must be repaid when the Deferred Payment agreement is terminated, e.g.

- when the property has been sold
- when you terminate the agreement
- within 90 days of your death or discharge from the residential/nursing home.

An invoice will be issued for the amount owed, which will include details on how the amount due can be paid. If the invoice is not paid, then this will be dealt with under the authority's usual debt recovery process.

Interest will be charged if the debt is not repaid at the end of the agreed period. The interest rate will be 0.15% above the Market Gilt rate and this rate will be reviewed each January and July.

The local authority will relinquish its legal charge on the property once the amount owed is repaid.

How do I apply to join the Deferred Payment Scheme?

If you are being admitted into a residential or nursing home permanently following a social care assessment, then on completion of the "Financial Assessment Declaration of Means" form the Financial Assessment Officer will write to you with the outcome of your financial assessment and details of how to join the scheme if applicable. We will arrange for a valuation of your property and following receipt of the valuation a contract letter and terms of the agreement will be sent to you which will indicate the assessed weekly payments to be made under the scheme and the terms of the agreement. You will be required to register the property with the Land Registry if this has not already been done. Due to Land Registry requirements, we will need to verify the identity of the person who owns the property against which the charge will be registered and also verify the identity of the person making the application for a Deferred Payment Agreement on behalf of the resident (e.g. the resident's Power of Attorney or Deputy).



What if I am eligible to join the Deferred Payment Scheme but cannot or choose not to?

If you have been offered a Deferred Payment Agreement but choose not to or cannot enter the scheme, Section 59 of the Social Services and Well-being Act (Wales) 2014 will apply. The authority will arrange for a Legal Charge to be placed on your property, this will secure the debt that will be due to the authority when the property is sold. If the debt is still outstanding after your death/sale of the property/end of the care home placement, then interest charges, charged at the general interest rate will apply from the 91st day after the property has been sold/the end of the care home placement. *The authority will charge an administration fee, currently £200.00, for this arrangement.*

What if I already live in residential care?

If you have already moved into residential care but have only just heard of the Deferred Payment Scheme you may still be eligible. To find out more contact the office below.

How can I find out more about the scheme?

To find out more about the scheme contact:

Department for Social Services and Housing
Financial Assessment Team
3 Spilman Street
Carmarthen
SA31 1LE

Telephone: 01267 228977

Email: SCHfinancialassess@carmarthenshire.gov.uk

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