Deferred Payment Agreements

The care funding option worth knowing about - England

PODPLAN

More time
Defers agreed care costs, helping avoid an immediate property sale.

4.65%
Maximum annual interest rate, July–December 2026. Reviewed every six months.

Equity limit
Property value less a 10% buffer, £14,250 and any existing secured debt.

90 days
Normally repayable within 90 days of death, or sooner if the property sells.

How it works (Step-by-step)

The council assesses eligibility during the financial assessment
A DPA must be offered when qualifying conditions are met: usually, other capital below £23,250, the home included in the assessment, and adequate security. Apply early.

The council arranges payment of agreed care costs
You usually contribute from your income. The agreed deferred amount builds up as debt, with any interest and administration fees added under the agreement.

A legal charge is placed on the property, like a mortgage
The charge secures repayment without an immediate sale. The property must remain insured and maintained, and the agreement's conditions must be met.

The debt is repaid on sale or after death
Repayment is normally due on sale or within 90 days of death, whichever comes first. The council may allow longer. Further deferral depends on the equity limit and agreement terms.

How much can be deferred

Example: Sole-owned property worth £200,000, with no secured debt

Property value:	£200,000
Less 10% buffer (for sale costs and value changes)	£20,000
Less lower capital limit	£14,250
Illustrative equity limit	**£165,750**

Deferred interest and fees also use this limit, reducing the amount available for care.

How does interest work?
The maximum annual rate is 4.65% for July–December 2026, reviewed each January and July. Councils may charge less. Interest compounds: it is charged on the deferred balance, including interest already added. Administration fees may also apply. Ask for a written illustration showing the rate, charges and how the debt could grow.

What a DPA does, and what it does not

What it does not do

Remove the debt - it delays it
The amount deferred, plus any interest and administration fees, remains owed and must eventually be repaid.

Protect the full estate from care costs
The outstanding debt reduces the estate available to inherit. A DPA delays payment; it does not remove care costs.

Normally cover short-term or respite care
DPAs generally support long-term care-home placements. Councils may offer other arrangements at their discretion.

Guarantee approval with a mortgage or equity release
Existing secured debt may prevent approval. The council must be satisfied that adequate security is available.

What it does

Helps avoid an immediate property sale
Agreed care costs can be deferred while the agreement remains in place, subject to its terms and equity limit.

Buys time to sell at the right price
Families can market the property properly rather than rushing a sale under pressure.

May allow the property to be rented out
Check the agreement's conditions. Net rental income can reduce the amount deferred and the interest building up.

Can be ended at any time
Give reasonable written notice and repay the full debt, including interest and fees. Selling the property is not the only repayment option.

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