Index Linked Mortgages (ILM's)

During the early days of the Injured Jockeys Fund (IJF), it was not unusual for the Trustees to either gift outright or lend quite substantial amounts of money with no security and no interest accruing back to the fund. This had the result of significantly reducing the assets of the Fund (and hence its capacity to assist beneficiaries in the future) whilst providing the family with an unexpected bonus if house prices had increased dramatically. Thus, in the early 1980's a decision was taken to only lend money if it was secured on property (normally a house) and to ask for a premium when the amount was repaid.

The loans were originally offered as a method of providing funding to individuals who, given their circumstances, would be unlikely to have been able to borrow in the commercial market and thus would not have been able to either remain in their home or buy a suitable one, or in some cases, start a business or raise money for any other reason (including home improvements). It was recognised that in many cases the individual would not be in a position to make repayments within their lifetime as their earning capacity was perhaps limited. Accordingly, the Trustees at the time decided it would be fairest not to ask for any repayment until such time as the beneficiary and their dependents were no longer in need of the house.

Rather than trying to identify an equitable interest rate, it was decided to link the repayment to the increase in house prices in the local area. The thought being that if the IJF had provided 50% of the initial value of a house, then, when it was sold, roughly 50% of the sales proceeds would flow back to the fund to assist the next generation of injured jockeys. And, just as the value of the IJF's original loan would have increased by reference to house prices, so the beneficiary's interests in the same property would have increased in exactly the same way. This does have the effect of limiting any potential legacy, however the Trustees felt that this arrangement was fair, providing security for the loan and helping families by reducing financial worries during the beneficiaries' lifetime. Should a person wish to repay all or part of their loan, they are of course free to do so at any time, but are under absolutely no obligation to so.

Inevitably over time, external regulation has crept into what started out as a simple scheme. The IJF is currently regulated by the Financial Conduct Authority and the most recent rules and regulations surrounding lending money have become so onerous that the Trustees have taken professional advice from external solicitors and have reluctantly taken the decision to cease making any further advances. Existing mortgages can continue in their original form, but we have been advised that, as a general rule, it is not possible to transfer a mortgage from one property to another or create any new loans. The Trustees recognise that this is very frustrating for some families, particularly where the older generation may wish to downsize or relocate to be nearer their children. We also realise that this is contrary to what both sides to these ILMs would have expected to have been the position when the ILM was originally created. However, we must emphasise that the change in the IJF's position is entirely the result of the changes in the regulatory regime and, in these circumstances, the IJF would wish to continue to work with the family to explore any other ways in which it can offer help.

In order to assist beneficiaries, families and advisors a "Guideline for Awards" information sheet was produced in 2016. This reflects the current thinking of the Trustees and replaces any earlier commentary surrounding the subject.