

Report

TRUST OR TRAP? THE HIDDEN DANGERS OF ASSET PROTECTION TRUSTS

Across the UK, a growing number of people are being misled into paying thousands of pounds for so-called 'asset protection trusts' also known as 'asset preservation trusts'.

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EXECUTIVE SUMMARY

Across the UK, a growing number of people who are in vulnerable circumstances, particularly older homeowners, are being misled into paying thousands of pounds for so-called 'asset protection trusts' also known as 'asset preservation trusts'.

These schemes, often sold under other names like 'family protection trusts' or 'flexible trusts', claim to offer protection from care fees and reduce inheritance tax (IHT) liabilities. In reality, many of these schemes provide no such guarantees and, worse, often lead to: families being burdened with unexpected tax bills; a legacy of complex legal entanglements resulting in hefty legal fees; and significant emotional distress.

The Association of Lifetime Lawyers is a community of the most qualified legal professionals in the country when it comes to advising older people and those in vulnerable circumstances on this area of the law.

Prompted by a wave of concern amongst our community, and their alarming evidence from the front line, we are lifting the lid on the scale and impact of the mis-selling of asset protection trusts.

This report presents key findings from a study of over 100 members of Lifetime Lawyers and highlights the devastating impacts these products are having on individuals and families.

Our mission is to raise further public awareness of this issue, arm people with the practical tools to identify safe advice, and call for greater regulation of these schemes to protect members of the public.

Yours sincerely,

Lakshmi Turner

Lifetime Lawyers Chief Executive

KEY FINDINGS AT A GLANCE:

THE MAJORITY (95%)

Of our members who took part in the study have encountered clients who have been mis-sold asset protection schemes, and nearly 1 in 4 have noticed an increase in the last 12 months alone.

MORE THAN 4 IN 5 (82%)

Say people were misled into thinking the trusts would protect their homes or reduce tax.

£3,000 TO £5,000

Most victims paid between £3,000 to £5,000 to have an asset protection trust drawn up and in many cases these trusts are not necessary or appropriate to achieve their objectives.

MAIN CONSEQUENCES

Reported, including: financial losses (not only in relation to the costs of setting up the scheme but also tax consequences resulting from the incorrect advice), legal disputes, family conflict and loss of property access.

UNREGULATED PROVIDERS

Are primarily behind the schemes (90%). These are typically individuals or companies who offer services related to estate planning; from the drafting of wills, setting up trusts, to advising on inheritance tax – who are often not subject to formal regulation or who outsource regulated activities to another provider without the knowledge of the consumer. Crucially, unregulated providers aren't necessarily required to have insurance to cover negligence, neither do they have sufficient compensation funds available to cover any negligent services provided.

NEARLY THREE IN FOUR (70%)

Of victims were older homeowners with significant property equity. These are more likely to want to protect their wealth and will have been instilled with a mistaken belief that these schemes are endorsed or safe by the unregulated provider.

4 IN 5

Cases involved unscrupulous firms appointing themselves as trustees, often without informed consent, explaining the implications of their appointment, or any additional charges this will incur.



WHAT ARE ASSET PROTECTION TRUSTS, AND WHO ARE THEY BEING SOLD TO?

‘Asset protection trusts’ or ‘asset preservation trusts’ is a term often given to legal structures which are commonly advertised as a way to: protect the family home from being sold to cover the cost of care home fees; reduce or even eliminate inheritance tax liabilities; and simplify the process of estate planning, sometimes with promises of avoiding having to apply for probate altogether.

They are often framed as smart planning tools, however, there are a number of risks associated with them which the consumer is often not warned about from the outset. What’s more, not only do they come with a significant price tag, but they are typically based on pre-drafted, standardised documents rather than bespoke legal advice, tailored to the consumer’s personal circumstances.

These selling points can be especially appealing to older people – from those with significant equity in their homes to individuals nearing retirement, as well as families concerned about preserving wealth for future generations. But they often mask the complexity and risks involved.

THE PROBLEM

While asset protection trusts can serve legitimate purposes in some cases, an increasing number of people are being sold unsuitable schemes by unregulated providers, who are not subject to formal regulation. These schemes are often poorly understood, legally complex, and falsely promoted as ‘one-size-fits-all’ and ‘quick win’ solutions, when in fact they can lead to:

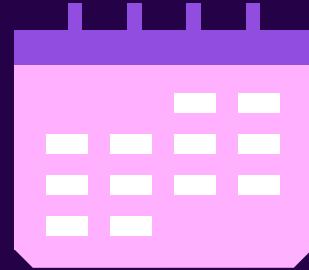
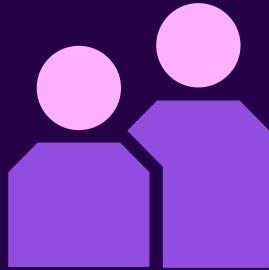
- Unexpected tax liabilities
- Loss of control over property
- Legal disputes and emotional distress
- Difficulty exiting the trust

Adding insult to injury, it is often the case that consumers persuaded to take out these schemes for tax planning purposes, did not have a tax liability in the first place due to available exemptions, reliefs, and allowances. Cruelly, creating such legal structures can result in an immediate charge to IHT during the consumer’s lifetime and/or the loss of some available exemptions, reliefs, and allowances on their death.



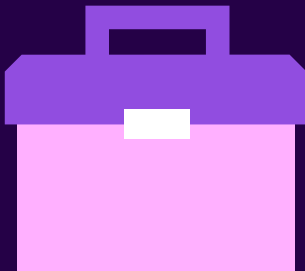
THE PROBLEM

WIDESPREAD MIS-SELLING



The majority (95%) of our members who took part in the study have encountered clients who have been mis-sold asset protection schemes, and **nearly 1 in 4** have noticed an increase in the last 12 months alone

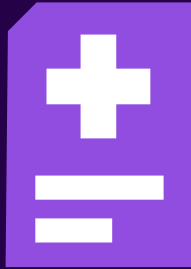
1 in 5 of our members say mis-selling has been on the rise over the past year



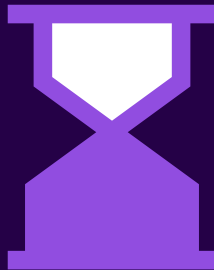
More than in 4 in 5 (82%) strongly agree clients were falsely led to believe these schemes protect against care fees or tax

In nearly **3 in 4 (70%)** of cases clients were older homeowners with significant equity, and **1 in 5 (20%)** were people nearing or in retirement

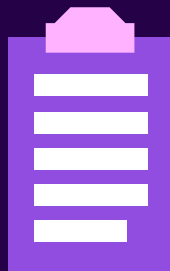
SEVERE CONSEQUENCES



Victims who our members have dealt with, have gone on to face significant financial losses, legal fees, as well as emotional stress and family disputes



Some have lost access to their own homes or ability to make decisions about their property



Many were left trapped in unsuitable schemes they don't understand

A REGULATORY GAP

90%

Of our members who took part in the study agree that unregulated providers are the main perpetrators

2 IN 3

Our members agree that organisations offering these schemes are mostly providers operating entirely outside regulatory oversight

80%

In over 4 in 5 of cases of such schemes, our members report that the provider appointed themselves as trustees of the scheme they set up, often without the clients' full knowledge and understanding

HIGH COSTS FOR NO PROTECTION

Most people (**just over 70%**) paid over **£3,000** for asset protection schemes offering little or no benefit

Many were pressured into signing under time pressure or using fear-based marketing tactics

PROFESSIONAL PERSPECTIVES



“This is a consumer protection issue hiding in plain sight. Families think they’re protecting their homes, but instead they’re buying into a trap: increased risks, unimaginable stress, avoidable tax bills, and legal uncertainty. It must be stopped.”

Jade Gani, Chair of The Association of Lifetime Lawyers

The common themes regularly identified by legal experts advising clients on these trusts, include:

- Lack of proper explanation or documentation
- inappropriate use of trusts in place of regulated advice
- Absence of informed consent, clear understanding, or independent legal checks
- Growing public confusion over what a trust can and can’t achieve
- Lack of understanding of the immediate and future tax consequences
- A total loss of control over the consumer’s own assets
- Encouraging consumers not to use regulated providers on the basis they will be more expensive

LIVED EXPERIENCES

CASE STUDY: PAULA O'GRADY

In 2011, Paula attended a pre-retirement seminar at her university where she was approached by an intermediary for McClure Solicitors to consider a Family Protection Trust. Once she had expressed interest, the representative visited her home to finalise the details. She was told a one-off payment of £2,500 would protect her home for her disabled son, spare her daughter the stress of probate, and make everything 'simple' when she died. She didn't recall any mentions of tax or insurance implications, or that McClure's solicitors would be added to her property deeds as if living there.

Years later, Paula discovered McClure's had collapsed, and her case was passed to Jones Whyte, who quoted further eye-watering fees just to review her file. Shocked and anxious, she turned to an independent solicitor, who has since helped her dissolve the trust and begin the process of correcting her deeds. Paula says she is "lucky" compared to others who have lost homes or savings, but believes the trusts were deliberately marketed, for many years, to vulnerable over-50s with misleading promises of security.

CASE STUDY: IAIN AND SHEILA WRIGHT

In 2012, Iain and Sheila Wright were advised by friends to set up an 'asset protection trust' through McClure Solicitors, believing it would protect their home and assets from care costs should one or both of them end up in a home.

They don't recall being told the trust required ongoing maintenance, or that moving house could mean sale proceeds being locked into the trust and inaccessible. For ten years they heard nothing, until McClure's collapsed and their case was transferred to Jones Whyte, where they faced poor service, repeated changes of solicitor, and mounting charges.

The full impact only emerged earlier this year in 2025, when selling their home to downsize. Their conveyancing solicitor warned that the trust could prevent them accessing the sale proceeds, which would instead be held under trust and incur further fees. With the help of a Lifetime Lawyer, they are now in the process of exiting the arrangement but estimate they have spent in the region of £15,000 to date.

PROTECT YOURSELF: HOW TO SPOT A RISKY TRUST

Top red flags and green flags to watch out for

RED FLAGS

Advisers who are not regulated by a legal or financial authority: people or companies who offer estate planning services, without being properly qualified or accountable to a professional body.

Claims that a trust will protect your home from care fees or eliminate inheritance tax

Applying pressure and using emotionally manipulative sales techniques when you query aspects of the scheme or ask for time to consider your options

Firms appointing themselves as trustees without explaining this and discussing other options and asking you to sign over property or asset ownership

No consideration to whether or not you can undo the planning should your circumstances change in the future

GREEN FLAGS

Regulated legal professionals: fully qualified solicitors and/or CILEX Lawyers/ CILEX Fellows holding a valid and current practising certificate and regulated by the Solicitors Regulation Authority, or Law Society of Scotland, or CILEx Regulation

Clear, written explanation of risks, alternatives, and limitations

The role of the trustees, including their responsibilities, duties, and reporting requirements is fully explained

Transparent fees and proper documentation with all legal terms fully explained to you

Patience and understanding with any and all of your queries raised, with no time pressure placed on you to make a decision

Click [here](#) to download our full guide to red flags and green flags

OUR RECOMMENDATIONS

In the interest of protecting the public from further financial and emotional harm caused by unregulated providers offering these schemes, as well as restoring trust in later-life legal planning, we're calling for urgent changes to policy, stronger regulation, and greater public awareness.

GREATER AWARENESS

Through public education and clear guidance

STRONGER REGULATION

Close legal loopholes and hold unregulated firms to account; this may include the regulation of will trusts and/or a restriction on unclear referral agreements between unregulated and regulated providers

MANDATORY TRANSPARENCY

Require clear documentation and regulated oversight of trustees and scheme providers with clear avenues of redress

IMPROVED ACCESS TO EXPERT ADVICE

Encourage use of properly qualified, regulated professionals in all trust-related decisions, for trusts arising during lifetime and after death

PUBLIC INQUIRY

To investigate the scale of mis-selling, its impact on vulnerable people, and the urgent reforms needed

CONCLUSION

Asset protection trusts and similar schemes are being dangerously mis-sold. People in vulnerable circumstances, such as those experiencing financially or emotionally difficult periods in their lifetime, or those struggling with grief, are being sold false promises with life-changing consequences. These are not isolated incidents, but signs of a growing problem that is being allowed to flourish thanks to a lack of regulation and public protection.

At The Association of Lifetime Lawyers, we're committed to protecting people from harm. If you're considering an asset protection trust or similar scheme, seek advice from a qualified and regulated expert, and look for an Accredited Lifetime Lawyer. We are experts in supporting people with later life planning.

And if you've already entered into a scheme you're unsure about, it might not be too late. Our lawyers are working diligently to help as many people as possible undo the potential damage done by these schemes.

Stay Informed. Stay Protected.
For further information and support, visit:

<https://www.lifetime lawyers.org.uk/>

