

News

“I needed some money to visit my grandchildren and now I’ve lost my house”

Foreign residents protest outside the tax office to draw attention to equity release fraud

M. ANGELES GONZÁLEZ

Jean Hilary Leftwich has not yet got used to the idea that other people are enjoying the house that she lived in for almost 25 years in Alhaurin de la Torre. This 67 year old British resident is one of more than 400 people affected in the province of Malaga by an alleged fraud committed by foreign banks. As a result she has been forced to rent out her home and sell an apartment in Marbella at a loss to pay off a debt that threatened to leave her homeless.

On Monday she joined another thirty or so foreigners resident on the Costa del Sol, most of them British, in a peaceful protest outside the Malaga tax office organised by the Equity Release Victims Association (ERVA).

The aim of the gathering was to deliver a writ to the Spanish tax



PROTEST. EQUITY RELEASE VICTIMS GATHERED OUTSIDE THE MALAGA TAX OFFICE ON MONDAY. M.A.G.

authorities to formally denounce that at least ten banks, mainly Danish, had turned them into accomplices in a tax fraud involving equity release and the investment of large sums of money in tax havens such as Luxembourg and the Channel Islands.

According to the victims, and to lawyer Antonio Flores who represents some members of the group,

between 2004 and 2009 the banks they now accuse of fraud convinced them, through advertisements in the press, leaflets and phone calls, to take out a kind of reverse mortgage on their homes so that their heirs would not face paying inheritance tax that could amount to as much as 80 per cent of the value of property if this is free of all liens. They were also promised attractive

returns through the investment of much of the loan in funds that were allegedly risk free. The offer was attractive to pensioners whose assets were all tied up in their property and who required cash to top up their income.

“I wanted some money to travel to England to visit my grandchildren”, explains Jean Hilary Leftwich, who ended up having to

sell her apartment in Marbella to pay off her 385,000 euro debt with the bank.

Sixty five year old Toni Minta fears losing his home in Estepona, for which he paid 600,000 euros ten years ago. He took out a loan for 1,250,000 euros which went to a tax haven. Now the ups and downs of the economy have reduced this sum to 500,000 euros yet his original debt with the bank remains intact.

ERVA Chairman Euan Armstrong describes the protest as a success.

“Now that we have informed the Spanish tax authority of the possible loss of revenue by the removal from Spain of all the money taken from our members which has been deposited in Luxembourg (a tax free state) in order to evade Inheritance Tax, then we would expect them to ask the guilty banks to declare how many clients have died since buying these investment plans therefore evading Inheritance Tax.

“We are confident of some sort of result after this. The Spanish Tax Authority cannot ignore this and neither can the banks involved in the scam”, he points out.

Earlier this year the Audiencia Nacional court rejected the case.

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