



Property Redress Scheme 2015 Annual Report

PRS Property
Redress
Scheme

Authorised by



Department for
Communities and
Local Government

**NATIONAL
TRADING
STANDARDS**
Estate Agency Team

Protecting Consumers
Safeguarding Businesses



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The Property Redress Scheme (PRS)

Introduction

The Property Redress Scheme is a consumer redress scheme authorised by the Department for Communities and Local Government (DCLG) and by the National Trading Standards Estate Agency Team (NTSEAT) to offer redress to consumers of Lettings, Property Management and Estate Agents.

The PRS is now also authorised by the Chartered Trading Standards Institute (CTSI) to offer ADR to the whole property industry under the ADR Regulations 2015.

Both Property Agents and Professionals can join to comply with their legal responsibilities and to show they are committed to providing excellent customer service and improving standards within their area of interest in the property industry.

Having launched the PRS in the summer of 2014 this was our first full year of trading and follows our 2014 interim report. This annual report provides an insight into who we are and what we do, information about our Members and also the number and types of complaints that we have helped to resolve.

The PRS is the newest of the three licenced redress schemes in the UK and after attracting over 2,500 property agent members by the end of 2014, have over 4,300 members.

The PRS is a trading name of HF Resolution Limited which is a wholly owned subsidiary of Hamilton Fraser, a company that has 20 years of experience in the Private Rented Sector through its industry recognised brands of mydeposits, Total Landlord Insurance, Client Money Protect (CMP) and HF Professional Indemnity.



Lord Monroe Palmer OBE FCA
Chairman of the Advisory Council

Foreword by the Chairman of the Council

The Enterprise and Regulatory Reform Act 2013 set out the requirements for those engaged in letting agency work to be members of a redress scheme for dealing with complaints. Prior to this new piece of legislation, only Estate Agents were legally obligated to join a consumer redress scheme.

The Property Redress Scheme is one of three bodies authorised to operate a dispute resolution service, brought in to ensure that compliance was simple and achievable for all Agents.

I Chair a very talented and widely experienced Advisory Council, whose role it was to advise on the setting up of the scheme and to arbitrate, if needed, on the decisions of the Head of Redress. This is my second Annual Report. We also advise on areas for PRS to expand its services.

As Chairman of The Council I am a person not directly involved in the industry but having a keen interest in the housing industry in general. Prior to this, I was a Chair of a London Borough's Audit Committee during my political career. Amongst other subjects I talk on 'Housing' in The House of Lords.

The other Members of the Council are involved in and well versed in the industry.

The legal requirement to belong to a scheme started on 1st October 2014. So this Annual Report is for the first full year to the 31st December 2015.

PRS ended the year on 4000 members, an increase on the 2500 at end of 2014. PRS dealt with around 250

formal complaints but most importantly resolved a number more informally before they became fully-fledged complaints.

I feel the real trial was whether our clients renewed their annual Membership. We were not disappointed.

PRS obtained authorisation from the Chartered Trading Standards Institute and the National Trading Standards Estate Agency Team to offer consumer redress to the whole property industry under the ADR Regulations 2015. PRS has also been assisting the government to publicise government policy including the requirement to display fees and changes to the s.21 notice process.

We are still concerned at the different degrees of enforcement, with only some local authorities implementing the requirements of the Act, and we continue to work with councils to take a more proactive stance.

I again thank the rest of the Advisory Council for their valuable very professional and experienced advice and contributions; we are fortunate to continue to have the services of Sean Hooker as our Head of Redress. It continues to be satisfying being one of the organisations tasked by Government to improve standards in the industry and we look forward to continuing our success in 2016.

Lord Monroe Palmer OBE FCA
Chairman of the Advisory Council



2015 Highlights

FEBRUARY

Sean invited onto BBC breakfast

On Wednesday 4th February, PRS Head of Redress, Sean Hooker, was invited onto BBC Breakfast to discuss unfair fees being charged to tenants by their Letting Agent. The news item concentrated on the controversial practice of charging lower fees to potential Landlords clients to attract their business and then charging tenants increasingly higher fees in order to cross-subsidise this cost.



PRS issues guidance on unfair letting fees

In order to aid fee transparency and educate Member Agents, the Property Redress Scheme has issued two guides – one for Agents and their Landlords and another for Agents and their Tenants. The guides are available to download here:

www.theprs.co.uk/Resource/ConsumerResource/10

MARCH

PRS reaches 3000 membership milestone

Head of Redress, Sean Hooker, said: "Compulsory property redress for the lettings market is a major step forward in improving service and safety for consumers so it's great to see that the majority of Agents now appear to be compliant. Attaining a membership base of 3000 within our first 6 months of operation is quite an achievement and we hope to continue this success going forward".

APRIL

PRS nominated for Insurance Marketing and PR Awards

The Property Redress Scheme were nominated for the Niche Marketing Campaign award at the Insurance Marketing and PR Awards 2015! This is the Insurance Marketing and PR Awards' first year and it has been launched to reward the people and departments that keep their businesses and brands firmly connected with their customers, and at the forefront of the markets they serve.



MAY

PRS processes 100th complaint

The PRS processed its 100th Complaint - six months since it became mandatory that all Letting Agents and Property Management Agents join a consumer redress scheme in accordance with the Consumers, Enterprise and Regulatory Reform Act 2013.

JUNE

Small Claims Mediation

Mediating in the Modern World

PRS announce partnership with Small Claims Mediation

The PRS announced their partnership with the award winning mediation provider, Small Claims Mediation (SCM). Small Claims Mediation has a large panel of highly experienced and accredited mediators spread across the country. As well as an unrivalled track record in resolving small claim disputes, SCM have a wealth of experience in resolving disputes between Landlords/ Tenants and Agents and many of their mediators are Chartered Surveyors.

SEPTEMBER

PRS become approved ADR provider under the ADR Regulations

The PRS announced that it has been approved by both the Chartered Trading Standards Institute and the National Trading Standards Estate Agency Team to offer alternative dispute resolution (ADR) to consumers and traders acting within the property sector under the new ADR regulations which came into force on 1st October 2015.

OCTOBER

PRS shortlisted for Negotiator Award

The PRS was nominated for this year's The Negotiator Awards. The PRS was shortlisted for the award Supplier of the Year: Professional Support. The nomination comes exactly one year after the PRS started operating following the introduction of new legislation on 1st October 2014.



NOVEMBER

PRS launches legal helpline for enhanced members

Enhanced model members of the Property Redress Scheme now have access to a legal helpline service provided by Arc Legal Assistance, in association with Irwin Mitchell Solicitors. The legal helpline is operational 24 hours a day, 7 days a week and powered by a dedicated team of legal advisors divided into specialist teams.



Head of Redress Report



Sean Hooker
Head of Redress
for the Property
Redress Scheme

Sean Hooker is the Head of Redress for the Property Redress Scheme. He is a Qualified Adjudicator (ACI Arb), CEDR Accredited Mediator, and has a Professional Award in Ombudsman and Complaints Handling Practice (Queen Margaret University and Ombudsman Association).

We have now completed our first full year of operation and there is no doubt that we have established ourselves as a significant part of the safer and more professional environment in the property sector.

It is now for us to roll up our sleeves and get on with the business of resolving complaints and servicing our Members and their customers.

The complaints section of this Annual Report sets out all the complaints stats but I can provide the following comments. The nature of the complaints has been varied but some common themes do stand out.

On the lettings side, holding deposits are still contentious and whilst fees themselves are not directly the principal cause of many complaints, the retention of monies for aborted transactions are highlighted in these complaints. Letting Agent transparency of fees legislation, should help with this matter and we always point our Members towards providing prospective tenants with a robust holding deposit agreement.

On rental property management, we have received almost the same number of complaints from landlords as tenants. Landlords have tended to complain with regards to erratic or non-payment of rental income, repair and maintenance charges and also what actions the Member did to prevent the tenant from mistreating the property. On this last point a reality check is often needed for both

parties in regards to the expectations of both parties on what services have actually been agreed and paid for.

On Estate Agency, complaints have been thankfully low, but the issues that frequently crop up are over advertising and communications.

On Leaseholder Management, most of the complaints we have received have been outside our remit and we have had to direct the complaint to either the First Tier Tribunal (Property Tribunal) or to either the freeholder or board of the leaseholders' management company. This has left delays, quality of works done, disruption and inconvenience as principal issues laid at the feet of Members.

A significant number of complaints have involved Members who have failed to correspond with their clients. Unfortunately these have sometimes been where the Member has shut up shop, absconded or reconstituted as a new business leaving their old customers high and dry.

As soon as we identify these Members we instigate our disciplinary process and deal with the initial complaint, usually in favour of the complainant as it always involves a landlord not receiving rent payments or a question of where a tenant's deposit is. Once a pending decision has been reached, non-compliance by the Member leads to expulsion and the subsequent reporting to the local authority, the other two redress

schemes, the National Trading Standards and Government as well as publicising the Member in question across the media and with the various trade bodies, where possible.

This process is slowly weeding out the unsafe agents in the market but does not really help the consumer recover losses. This is why the PRS has been at the forefront of calling for Client Money Protection (CMP) to be made compulsory.

We have signed up to the industry led call for an amendment to the law and also through the Chair of my Advisory Council, Lord Monroe Palmer, an amendment in the Housing and Planning Bill has been accepted by the Government that takes this one step forward.

I have always argued that effective legislation can benefit the industry and enhance and increase trust and respect of the many hard working professionals in the sector. It is not my role to comment or suggest new measures or to judge on whether individual regulations are necessary or not. I merely ensure that I take the legal obligations into consideration. On CMP however I believe it is necessary for it to be mandatory as it builds on and completes the protection that having compulsory redress provides.

In my role as ambassador for the Scheme, I have written regular blogs for our website and Members newsletter, I have appeared on BBC Breakfast, and BBC Inside Out West as well as writing articles for various industry publications. I have also spoken at various events including the LEASE Conference for property and leasehold managers, a number of local authority events and industry meetings exhibitions such as ARLA regional meetings and the Property Tech exhibition.

I have also sat on the working group for the Government approved Private Rented Sector Code which is now into its third edition and forms the basis of best practice in the industry.

All these activities have helped contribute to raising standards and awareness of the obligations of our Members and the wider sector. I will continue to put a big emphasis on this part of my role.

I was particularly proud of our decision to make a substantial charity donation this year. My advisory council nominated a scheme run by the charity for single homeless people CRISIS, who have pioneered a unique accreditation for people who are looking to take on the responsibility of renting a property. They attend an intensive course to learn about all aspects of letting, not just the legal bit but financial management and even cooking and cleaning!

I presented the charity with a cheque for £5,000 and pledged to assist them with material for training and advice and support.

I would like to thank my dedicated team, which as we continue to grow has welcomed a number of new additions. We continue to evolve our processes to ensure that we are at the cutting edge of dispute resolution and that we have the fastest and most efficient methods of resolving complaints. Our emphasis is on raising standards and helping ensure that best practice is developed throughout the industry and we also want our Members' businesses to flourish and thrive.

I am confident that through our progressive and proactive actions that confidence and respect will grow amongst consumers who use our Members and that the sector is seen as a model for service and safety.

My heartfelt thanks to my Advisory Council, who under the chairmanship of Lord Palmer have been invaluable in guiding and mentoring the Scheme.

Last but not least, I would like to thank you, the Members, who have put your confidence in the Scheme and who have embraced and ensured the success of this consumer focused initiative.

I look forward to developing a long and fruitful partnership with you to foster the "golden triangle" of good agent, landlord and tenant essential to a safe and professional industry.

Here's to further success in 2016!

New Members of Staff

Jan Franks Business Development Executive

Jan Franks joined us last year as our Business Development Executive. Previously, she worked for the Royal Free London NHS Foundation Trust encouraging patients to improve their health by changing their lifestyle. With this wealth of experience Jan continues to educate and represents the Property Redress Scheme at industry trade events, and Council forums, assessing agents needs and ensuring they have the right products in order that their consumer is protected. Attention to detail, organisational skills, and meeting people are her passion. She intends to maintain and develop new business.



Katherine Lacey PRS Senior Case Officer

Katherine Lacey joined us in September 2015 as our Senior Case Officer. For 5 years she worked with mydeposits as an adjudicator where she produced decisions determining the landlord's entitlement to the tenant's deposit. Prior to this Katherine was also a practising solicitor in a high street firm where she gained experience in property litigation and conveyancing. With many years of experience Katherine is well placed as our Senior Case Officer reviewing evidence, drafting recommendations containing the assessment of the complaint and drafting final decisions. In her spare time she plays the clarinet in the Symphonic Wind Orchestra of North London and is a Cub Scout Leader with the 23rd Southgate Scout Group.



The Complaints Process

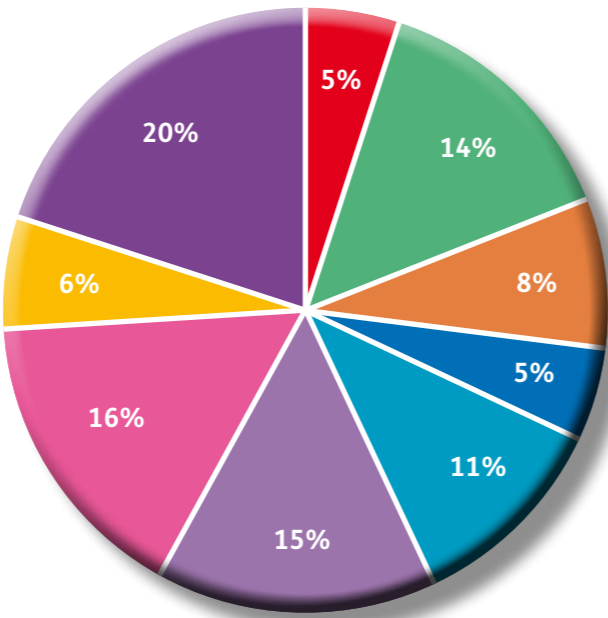
STAGE 1

Receipt of Complaint

Upon receipt of Complaint Form and supporting documentation, a Case Assessor will determine whether the complaint meets the scheme's criteria. This includes establishing whether the Complainant has exhausted the Member's in-house complaints procedure (if applicable) or has waited 8 weeks before raising a complaint with the scheme.

When a complaint falls outside of the scheme's remit, the Case Assessor will explain to the Complainant the reason(s) why the case cannot be accepted and advise the Complainant if there is another appropriate organisation authorised to handle the complaint such as the Courts, Police or Local Council.

Reason for Decline



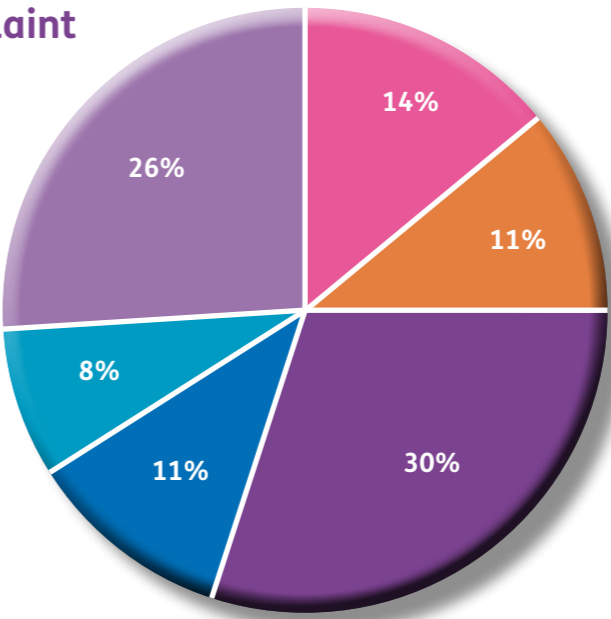
- Member Expelled
- Not Raised Formal Complaint
- Outside Remit - Tribunal Dispute
- Pre 8 weeks
- Outside Remit - Deposit Dispute / Non Protection of Deposit
- No Longer Trading
- Unsupported
- Legal Dispute / Courts
- Other

The PRS received a total of 274 formal complaint notifications in 2015

78% of the notifications were accepted and 22% of the notifications were declined for being outside of the PRS remit

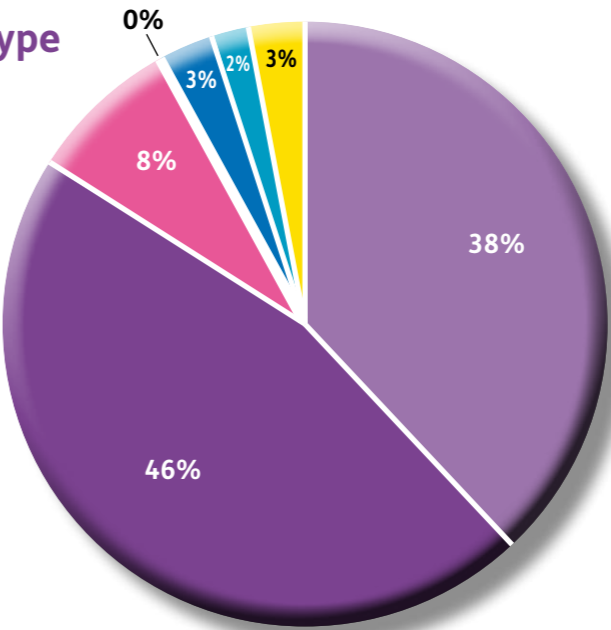
Issue of Complaint

- Holding Deposit / Admin Fees
- Deposit
- Management / Service
- Rent Payments
- Fees & Charges
- Other



Complainant Type

- Landlord
- Tenant
- Leaseholder
- Freeholder
- Buyer
- Seller
- Other



STAGE 2

10 Day Resolution Period

If the complaint is accepted, the Case Assessor will inform the Member and allow them 10 working days to either amicably resolve the complaint directly with the Complainant or, alternatively, provide the scheme with their rebuttal to the complaint.

Once the rebuttal is received, the Case Assessor will decide whether the complaint has grounds to continue with the scheme and if the complaint has a reasonable prospect of success. If the parties can come to a mutual agreement within the 10 working days, the scheme will request confirmation that the Complainant is satisfied with the resolution and close the case.

STAGE 3

Case Assessor Resolution

If the matter is not resolved within the 10 working days, the Case Assessor will conduct a full and impartial investigation of the complaint and evidence submitted by both parties. If an offer by the Member has already been made, the Case Assessor will deem whether this is a suitable resolution that would not be bettered by a scheme Ombudsman.

If a suitable offer has not been made, the Case Assessor will prepare and provide a suggested resolution plan for both parties' perusal and acceptance or non-acceptance. If both parties accept the Case Assessor's resolution, they do so in full and final settlement of the complaint and this becomes the schemes final decision.

STAGE 4

Ombudsman Decision and Award

If one or both parties decline the Case Assessor's resolution, then the complaint will be escalated to either formal mediation or an Ombudsman to make a final binding decision by evidence based adjudication. On delivery of the decision, the Complainant will have 15 working days to tell the scheme whether they accept the decision.

STAGE 5

Complainant Accepts or Declines Decision

If the Complainant agrees with the decision, the Member must comply with the conditions set out by the Ombudsman within 10 working days. A Case Assessor will contact the Complainant to ensure that the Member has complied with the decision. If the Complainant does not accept the Ombudsman decision, they are free to pursue the matter elsewhere.

84% of cases required monetary awards

Average days taken to complete case from Notification of complaint to Decision: **110 days**

89% of decisions were accepted by the Complainant

Head of Redress
Average Award (includes compensation and other amounts owing)
£1016.22

14% of cases were declined by a Case Assessor due to the case not having a reasonable prospect of success with the Scheme

We can consider complaints:

- Made against Members registered with the PRS.
- Where the Complainant has tried to resolve the matter with the Member (including completion of any internal complaints procedure) and waiting 8 weeks for a response to the written complaints.
- Where the complaint is made within 6 months of the last correspondence received from the Member and within 12 months of the original formal complaint being raised with our Member.

We cannot consider complaints:

- Made against a company/ individual that is not a Member with the scheme.
- Which have not previously been raised with the Member as a formal written complaint.
- Which are being dealt with or have been considered by Court or under another independent complaints, conciliation or arbitration procedure.
- Which are more appropriately dealt with by another regulatory body such as the Courts, Police or Local Council.
- That are considered to be frivolous or vexatious.



Case Studies

MISREPRESENTATION TO A BUYER

Key topic:

Misrepresentation to a buyer about the size of the property.

Award:

£1,000 compensation paid to the buyer.

Case details:

- The buyer complained that the Agent's floor plan in their advertisements substantially exaggerated the actual size of the flat.
- The Agent's floor plan stated that the size of the flat was 100m². Other independent estate agents measured the size of the flat and they found it was 80m².
- The Agent's floor plan contained a disclaimer which stated that whilst every attempt had been made to ensure the accuracy of the floor plan, the measurements of doors, windows, rooms and any other items are approximate and no responsibility is taken for any error, omission or mis-statement.
- The information provided by the Agent on the size of the flat affected the buyer's decision to buy the property and resulted in a difference in the value of the property.

Evidence:

Agent's floor plan, other floor plans and correspondence.

Decision:

- The Agent makes a compensation payment of **£1000** to the Complainant.
- The Agent ensures that all future advertising meets professional standards.

- The Agent puts processes in place to ensure due diligence is undertaken to check all floor plans so that they comply with industry practice.

Key points from the case:

- Estate Agents must comply with the Consumer Protection from Unfair Trading Regulations 2008 (CPR's).
- The Guidance on Property Sales states that it is a breach of the CPR's for businesses to give misleading information to consumers where this causes or is likely to cause the average consumer to take a different transactional decision. This is known as a misleading action.
- The Agent's misleading floor plan affected the buyer's transactional decision to buy the property.
- The Agent should take all reasonable steps to ensure that any information used in the property particulars and other marketing information is accurate and not misleading.
- All due diligence should be undertaken and all floor plans should contain accurate measurements and be approved by the vendor.
- The Agent's disclaimer could not cover such a substantial error in the measurements of the Agent's floorplan.
- The Agent's responsibilities are not diminished if a third party is involved.

For more information please refer to:

- Guidance on Property Sales September 2015 by the National Trading Standards Estate Agency Team which can be viewed here:

<http://www.theprs.co.uk/Resource/AgentResource/8>

UNDUE DELAY

Key topic:

Property Management, Service Charge, Contractors Repairs

Award:

£200 compensation paid to the leaseholder

Case details:

- The leaseholder complained that over a long period of time they received a poor service from their managing agent including slow and inefficient handling of maintenance matters, poor workmanship and overcharging by their contractors.
- The managing agent did not agree with the leaseholder's complaint. They stated that they had been fully communicative and cooperative and any challenges to the reasonableness and suggested duplication of charges should be dealt with by the First-tier Tribunal (Property Chamber).

Evidence:

Extensive correspondence and witness statements.

Decision:

- A number of the issues raised by the leaseholder would be more appropriate to be dealt with by the First-tier Tribunal (Property Chamber);
- It is not within the remit of the PRS to deal with complaints against contractors used by the managing agent. Our remit is limited to only addressing complaints against members of the PRS;
- Our remit is limited to addressing the leaseholders complaint in relation to the service provided by the Member;

- Extensive amount of correspondence submitted by the leaseholder which had generally been responded to by the management company within a reasonable period of time;
- Issues could have been resolved more efficiently by the managing agent;
- Some maintenance works were protracted and caused inconvenience to the leaseholder;
- The organisation of the works could have been dealt with more efficiently by the managing agent;
- The leaseholder suffered some unnecessary distress and inconvenience which could have been reduced or avoided by the managing agent.

Key points from the case:

- Whilst the Tribunal has the remit to deal with the reasonableness of the service charge, the PRS can examine the managing agent's behaviour and conduct.



Case Studies continued

HOLDING DEPOSITS

Key topic:

Non-refundable holding deposit.

Award:

£300 refunded to the tenant.

Case details:

- The tenant viewed the property and then paid a £500 holding deposit to the agent.
- The tenant signed a holding deposit agreement which stated that the £500 holding deposit was non-refundable.
- Two days later the tenant decided he did not want to proceed with the tenancy and requested his holding deposit back.
- The agent stated that costs were incurred for submitting references in the sum of £120.00 and for remarketing the property and the landlord suffered a loss as the property was off the market for two days.

Evidence:

Holding deposit agreement, references and correspondence.

Decision:

- The holding deposit agreement stated that the referencing costs would be £120 and the agent submitted copies of the references obtained. The Head of Redress found it reasonable for the agent to retain the sum of £120 for this cost incurred.
- The Head of Redress was also satisfied that the agent incurred administrative costs to set up the tenancy and allowed the agent to retain £80 for this cost.

- No evidence had been provided to show any further loss had been suffered by the landlord or agent as a result of the property being off the market for two days.

Key points from the case:

- Agents can take a holding deposit in order to remove a property from the market whilst they check references and prepare the tenancy agreement.
- By paying a holding deposit the tenant is committing to take up the tenancy so that the property is not let to someone else.
- An agent must provide potential tenants with clear information about why they are being asked to pay a holding deposit, the sum that is required and the circumstances in which it will or will not be refunded.
- Terms that allow an agent to retain the holding deposit without clear justification are likely to be considered unfair and cannot be enforced.
- Tenants are entitled to a refund of a fair proportion of any pre-payments made in respect of a contract that does not go ahead.
- The agent should only retain the amount that it has cost them as a result of the tenant pulling out of the tenancy.
- The holding deposit can be used to cover the costs involved in referencing the tenant or in setting up the tenancy documentation.
- The holding deposit can also be used to cover the agents reasonable costs incurred if the tenant decides to pull out of the tenancy after it has been agreed but before it begins.

Membership Options

The PRS has two membership models to accommodate the different requirements of our members.

OPTION 1	OPTION 2
<h3>Enhanced Model</h3> <p>One annual fee for head office and each of the branches, with no individual complaints fees (subject to the Property Redress Scheme’s fair usage policy*)</p> <p>Cost:</p> <ul style="list-style-type: none">• £199 (plus VAT) per application (head office) +• £199 (plus VAT) per branch <p><i>For example, if you have a head office and 2 branches that will require 3 subscriptions (£597 plus VAT)</i></p> <p><small>*See website for details</small></p>	<h3>Entry Model</h3> <p>Low annual subscription fee for head office and each of the branches plus reasonable complaints fees.</p> <p>Cost:</p> <ul style="list-style-type: none">• £95 (plus VAT) per application (head office) +• £95 (plus VAT) per branch <p><i>For example, if you have a head office and 2 branches that will require 3 subscriptions (£285 plus VAT)</i></p> <p>If the complaint is escalated to STAGE 4 of the complaints process, we will then charge the following complaint fees to the Member in order to formally resolve the complaint:</p> <ul style="list-style-type: none">• £60 (plus VAT) for a Member who is a member of a body with client money protection insurance.• £90 (plus VAT) for all others

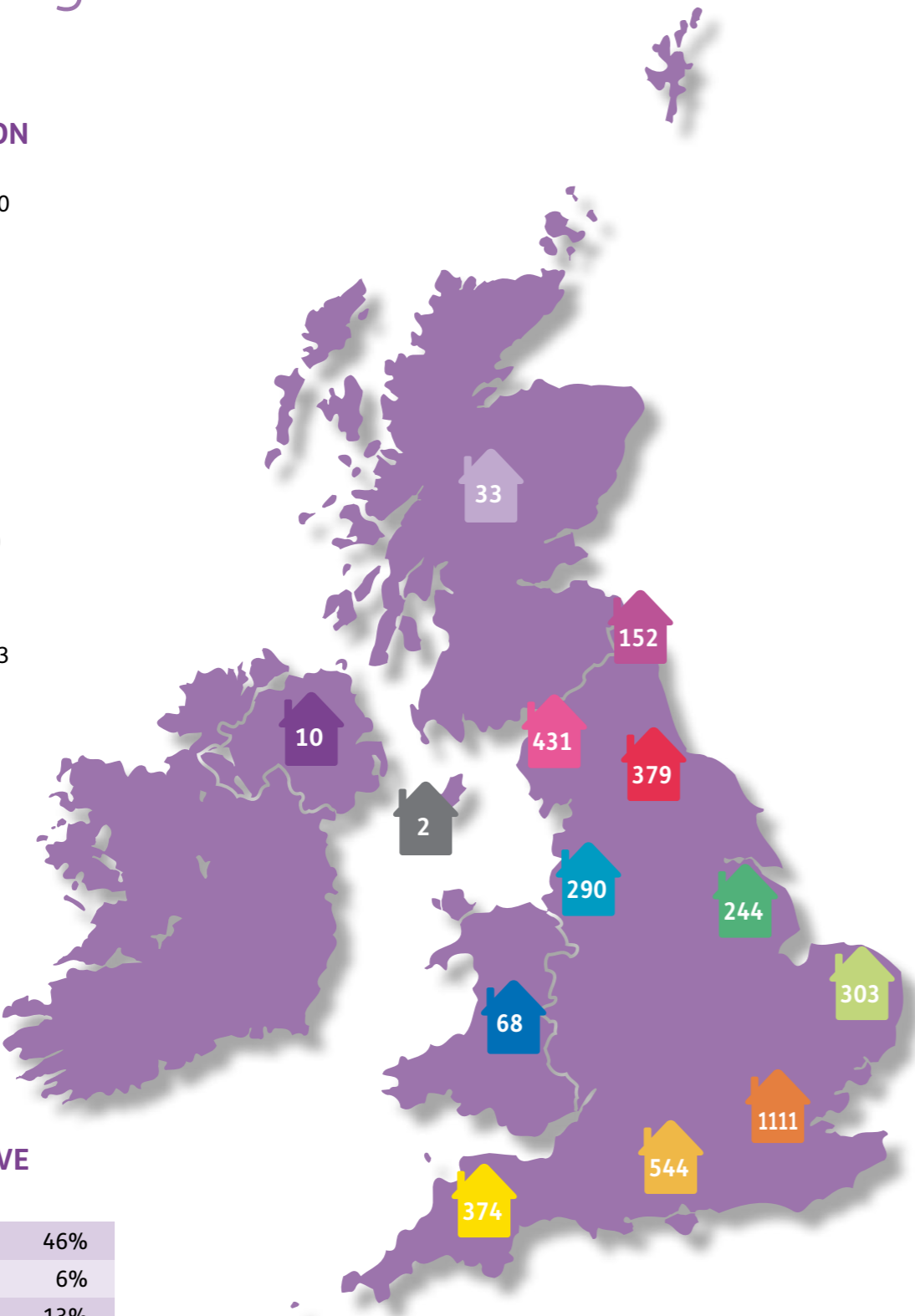
Whichever membership subscription the Member chooses will cover all the work the Member undertakes e.g. an Agent who undertakes Estate and Lettings Agency will not pay a separate subscription for the different types of work. The Member must however inform the PRS of the type of work undertaken at each branch. A Head Office and all associated branches must be on the same membership model.

Membership Statistics

Property Agents

MEMBERS BY REGION

- Northern Ireland – 10
- Scotland – 33
- North East – 152
- North West – 431
- Yorkshire – 379
- Wales – 68
- West Midlands – 290
- East Midlands – 244
- East of England – 303
- London – 1111
- South East – 544
- South West – 374
- Islands -2



HOW MEMBERS HAVE HEARD OF THE PRS

Internet	46%
Advert	6%
Press Article	13%
Other	35%

Quick Facts

2015 QUICK FACTS

3,941

Agent offices signed up

31%

Registered for sales

80%

Registered for lettings

76%

Registered for property management

85%

Agents signed up for Entry Model

2014 QUICK FACTS

2,506

Agent offices signed up

31%

Registered for sales

79%

Registered for lettings

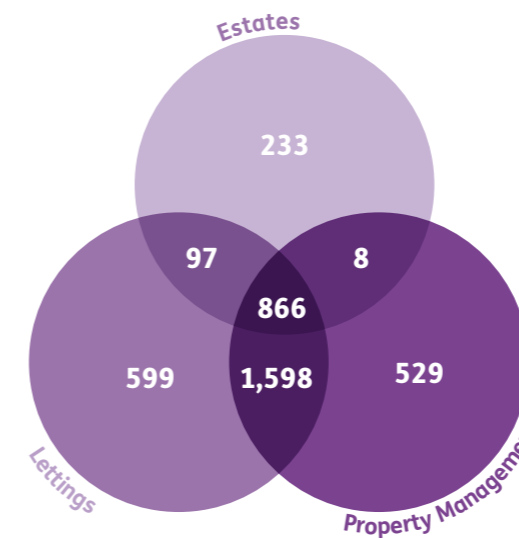
72%

Registered for property management

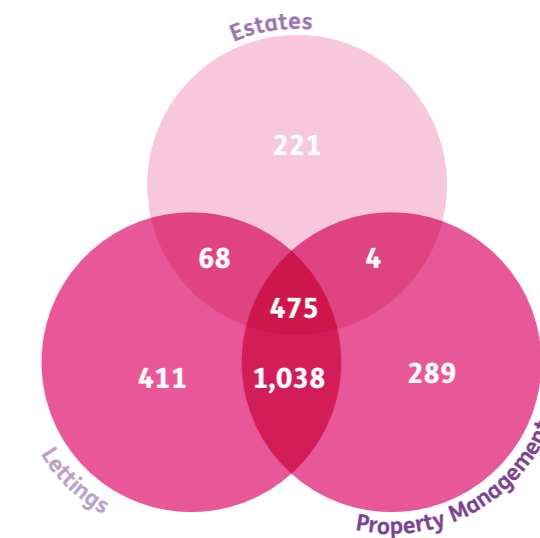
82%

Agents signed up for Entry Model

TYPES OF WORK UNDERTAKEN 2015



TYPES OF WORK UNDERTAKEN 2014



PROPERTY PROFESSIONALS

Property Professionals	11
Company Landlord	7
Inventory Clerk	3
Combination	1

The Advisory Council

The role of the Advisory Council is to act as an advisory body to the Head of Redress and the PRS Board in all matters relating to the running of the scheme. They refer matters of consideration to the Head of Redress and PRS Board, including, where appropriate, changes in the law resultant from new, modified or changed legislation, subject to legal challenge or current case law precedent. They must scrutinise and maintain the Head of Redress' impartiality and if necessary, make recommendations relating to the resourcing of the Head of Redress' department.

It is also the responsibility of the council to make a decision on the consequences of a Member that, in the opinion of the Head of Redress, has breached the Terms of Reference of the PRS. Such consequences include having their membership cancelled and being reported to a relevant body (trade association or trading standards) for any further action. The decision of the Advisory Council will be final.

Each Advisory Council Member can publicise their role within the PRS and will be expected to provide a report on their specific area of expertise for the PRS annual report.



David Westgate

Letting agents had a positive year in 2015 and overall did well to cope with investor sentiment on the back of a General Election. Definitely a year of 2 halves when confidence returned post-election result. The big news story for agents was a raft of significant legislative and tax changes in the industry. Many of the legislative changes were positive and protect our customers but we are yet to see the full impact on investors of some of the tax changes, particularly SDLT change in March 2016. The industry remains very robust and the growing requirement to professionalise the industry are very welcome. Working with the PRS has focused the mind on reinforcing quality standards within the industry.



Alex McKeown

2015 brought about many changes to legislation relating to letting agents. I have been working full time with letting agents in my borough, trying to give advice and guidance to them in order to increase the general standards of compliance as well as issuing several

Penalty Charge Notices to agents that have not joined a redress scheme. Some of the difficulty faced by agents currently is that there is so much new legislation that they have to comply with, but it is not in a single tidy place. The newest piece of legislation which I am enforcing is The Consumer Rights Act 2015; this carries heavy fines for not displaying fees to tenants and landlords, together with details of the redress scheme of which they are a member. The legislation also makes it compulsory for all agents to display details of whether or not they are a member of a client money protection scheme, which too many agents think is simply a deposit scheme, showing an immense lack of general understanding in the industry. With more and more people renting property rather than buying, I hope that in 2016 more Trading Standards departments will put additional resources into dealing with some serious issues in the lettings Industry to make it a fairer place for tenants as well as the agents who are trying to get it right.

“There could also start to be big awards made against agents”



Paul Shamplina

We have seen our busiest year in 2015 for eviction instructions from letting agents and landlords.

The Deregulation Act will start having an impact from April this year in my opinion, when landlords want to start possession proceedings under the section 21 route for possession. Some landlords will find that they have failed to comply with serving the relevant paperwork prior to serve the new Section 21 notice. Also with more Retaliation Eviction defences used by more tenants, to prevent S21 proceedings being successful.

Also 2015 was a record year for subletting instructions from Landlords that have found out that tenants were renting rooms without the landlords consent and listing them on holiday websites. We have also come across companies that are offering landlords guaranteed rent 'Rent to Rent', but are failing to pass on the rent, there needs to be some sort of Regulation.

I believe that these 'rent to rent' companies, who are managing the properties, should be a member of a Redress Scheme. A campaign of awareness is needed, especially for the consumer.

I have also been in consultation with DCLG as to the new procedure of Notice of Abandonment; meaning landlords do not need to obtain a possession order, if the arrears are more than 2 months. We are awaiting the Legislation to be passed. A new form will need to be used, with guidelines of what landlords need to follow to claim abandonment. At present it is a bit of a grey area.

Lastly Landlord Action has been busy in the media with a 2nd series of 'Nightmare Tenants, Slum Landlords' due to be aired at the end of March 2016.



Richard Price

What happened in 2015? Well what didn't! The industry came under attack from all sides. Increasing regulation, lobby groups campaigning for increased tenant

rights, and to cap it all, a couple of direct hits from the Chancellor. Many landlords now have a business model which simply no longer works.

Landlords have little choice but to review their investments to see if they can survive the onslaught, or if indeed, they wish to. Whilst some decided to invest in property as a substitute to poorly performing pension scheme alternatives, the vast majority take a pride in providing a much needed and so important commodity, housing. Those that house the most vulnerable in society, now find it even more difficult to do so, given curtailing of benefits. As landlords necessarily "sharpen their pencils", agents will need to review their offerings, and demonstrate to clients that their membership of the PRS can only assist with that.

“2015 was a record year for subletting”

The Advisory Council continued



Tessa Shepperson

We are currently in a period of unprecedented legal change. The Deregulation Act brought in some welcome amendments to the deposit rules last March, however other rules which came into force in October 2015 in England are less welcome.

There are now more pre-conditions for serving section 21 notices in England which include service of the Governments 'How to Rent Booklet', time limits for serving notices, a new prescribed section 21 form and anti-retaliatory eviction rules, plus you must now provide smoke and (in rooms with solid fuel burners) carbon monoxide alarms in all rented properties. The requirement to carry out 'Right to Rent' checks has also, from 1 February 2016, been extended to the whole of England.

Welsh housing law is also undergoing big changes and all Welsh agents must now register at www.rentsmart.gov.wales site and obtain a license.

More legal changes are coming via the Immigration and the Housing and Planning Bills, and the Renting Homes (Wales) Act 2016 in Wales.

Change in England are likely to include (under the Immigration Bill) custodial sentences for renting to persons who do not have the right to rent in England and increased powers to obtain possession orders against the illegal occupiers. Under the Housing & Planning Bill we can expect banning orders, a rogue landlord database and more rent repayment orders being made against landlords and agents who breach housing regulations.

Welsh agents and landlords face a radical re-working of housing law generally in Wales plus prescribed forms of tenancy agreements.

My prediction for 2016 is that things will get tougher for agents not up to speed with housing law as Local Authorities start to bring more prosecutions – particularly if the Housing and Planning Bill allow them to retain the costs to fund their enforcement work. There could also start to be big awards made against agents under the Consumer Legislation as this becomes better known among landlords and tenants.

You should therefore ensure that you are fully up to date with all changes by reading briefings from the Property Redress Scheme and following online sites such as my Landlord Law Blog at www.landlordlawblog.co.uk. You should also make sure that you and your staff have proper and regular training.



Nick Lyons

Managing increased compliance would be

my summary of 2015. It was an interesting year for inventory and condition reporting in the lettings market with the new legislation having a direct impact on collecting and managing data. The introduction of legislation for Smoke and Carbon Monoxide on 1st October requiring every property to be compliant by 2nd October was a tall order and by the end of the year many landlords and agents had still not become compliant. The changes to section 21 legislation has meant landlords and agents need to manage maintenance more effectively or they will struggle to serve these notices and more emphasis is being put into managing effective paperwork. Both of these pieces of legislation impact inventory management services – so collecting accurate data is key.

It certainly isn't getting easier for landlords or agents, however the legislation introduced in 2015 will help highlight poor service and manage safety for tenants – so for all of the added compliance in 2015 the underlying reasons are sound.



David Jacobs
Chairman

Report from the PRS Board

The Property Redress Scheme has now been in operation for over a year, having launched in the summer of 2014, after gaining authorisation from the Department for Communities and Local Government to offer redress to consumers of Lettings and Property Management Agents and by The National Trading Standards Estate Agency Team for consumers of Estate Agents.

The single biggest achievement of 2015 has been The PRS obtaining authorisation from the Chartered Trading Standards Institute to offer ADR services to the whole property industry. We set up our voluntary property professional class of membership with this in mind, so to obtain the authorisation was very satisfying for all of us here at The PRS.

By the end of 2014 The PRS had 2,506 member offices registered. This success continued throughout the next year with just over 4,300 member offices being registered by the end of 2015.

Detailed research into the industry to find out what property agents required from a consumer redress scheme was conducted prior to launch. We introduced both an entry level and an enhanced model membership. This allowed agents to decide whether to sign up on either a pay as you go or an all-inclusive model. By the end of 2015 approximately 20% of members had joined on the enhanced model and 80% on the entry level of membership.

This last year was the first that we have data on complaints that have been resolved. In 2015 we received 274 formal complaints to be resolved. Of those complaints registered with us, 78% progressed to either a recommendation or a full decision. We also resolved a number of other potential complaints through informal telephone and email advice and assistance.

The Advisory Council that we set up continued their good work throughout the year. We are delighted that the council members, who are all specialists in different areas of the industry, give up their time to advise and assist The PRS. In 2015 we introduced Alex McKeown onto the council. You can see more about what Alex does in the Advisory Council section of this annual report.

As planned, we developed our team throughout 2015. We grew from five to eight members of staff, with the addition of an Administrator, a Senior Case Assessor and a Business Development Executive. You can read a bit more about Katherine and Jan on page 12.

I would again like to thank the HF Resolution Board, Advisory Council and staff of The PRS for continuing the great work they started in 2014 and continuing to grow and develop the scheme over the last 12 months.

Contained in this report is a financial review for HF Resolution Limited (trading as The Property Redress Scheme) for the year to 30 November 2015. We kept our aim of maintaining low membership fees with no increase in the either the membership or complaint fees during the year.

I look forward to reporting on another successful year in 2016!

David Jacobs
Chairman

The other members of the HF Resolution Ltd Board of Directors are Tim Frome, Managing Director and Nick Bates, Finance Director.



Profit & Loss Account for the year ended 30th November 2015

Turnover	£470,298
Administrative expenses*	(£407,545)
Profit on ordinary activities before taxation	£62,753

Balance Sheet at 30th November 2015

Fixed assets	-
Current assets	
Debtors	£2,078
Cash at bank and in hand	£251,832
	£253,910
Creditors falling due within one year	(£160,369)
Total assets less current liabilities	£93,541
Capital and reserves	
Called up share capital	£100
Profit and loss account	£93,441
Shareholders' funds	£93,541

*Includes £5,000 donation to Crisis Renting Ready project

Supporting the Crisis Renting Ready Project

Crisis is the national charity for homeless people offering free classes, services and support. They are dedicated to ending homelessness by delivering life-changing services and guidance on education, training, volunteering and housing. Crisis also support local projects that help tenants (that were previously homeless) and landlords navigate finding, setting up and sustaining a tenancy.

The Crisis Renting Ready Project is a course that helps to prepare people that were previously homeless for renting a home. The Renting Ready Project is an accredited course that requires 27 learning hours to complete. It teaches individuals how to find somewhere they can afford to live including available housing options, their rights and responsibilities and how to manage their money.

Crisis members are referred to the Renting Ready pre-tenancy training once they are ready to find somewhere to live. This may mean that they have attended a series of classes, received one-to-one support and have found work. This process ensures that members are in a better position to complete the course with the motivation that the accreditation will make them a more attractive prospect to landlords.

The PRS have made £5,000 donation to the scheme as the charity aligns with the company's overarching values of educating and improving industry standards.

The PRS are proactive in helping members resolve complaints with their consumers, and backing the Crisis Renting Ready Project which helps to prevent disputes from ensuing, is extending the PRS's efforts to improve rental sector standards.

Sean Hooker, Head of Redress for the Property Redress Scheme said "The Renting Ready programme is a fantastic project which prepares people who find themselves in a vulnerable situation to face private

renting with confidence and security, as well as teaching them how to be good tenants.

Agents who offer tenants, who have been through the course, to their landlords, will be proud to do so as they will be reliable, respectful and prepared for their responsibilities and obligations.

We at the PRS promote raising standards in the sector on all levels, agents, landlord and tenants. What Crisis are doing is part of the "golden triangle" relationship which benefits all and will lead to a safe and high quality rental sector."

Head of Housing at Crisis, Chris Hancock states, "This funding from the Property Redress Scheme will really help us deliver our Renting Ready pre-tenancy training for our members. Homeless people can find accessing private rented homes really challenging but with some training on their rights and responsibilities as a tenant as well as the practical side of managing a tenancy, it can really help build confidence and also reassure landlords they are getting a good tenant. We particularly welcome this donation as the PRS's aim is clearly in line with ours, to make renting better for all, and we look forward to working together in the future to make that happen."



Sean Hooker, Head of Redress and Tim Frome Managing Director presenting the cheque to Crisis



A new consumer redress scheme, the Cosmetic Redress Scheme (CRS), is being launched for the cosmetic, aesthetic and beauty industry in June 2016. The scheme has been authorised by the Chartered Trading Standards and is designed to resolve complaints made by consumers against traders in the cosmetic industry.

The CRS is administered and run by HF Resolution Ltd, a subsidiary of Hamilton Fraser and the company behind the successful Property Redress Scheme.

On October 1st 2015 new legislation brought the requirements from a European Union Alternative Dispute Resolution (ADR) Directive into UK law. As a result of this legislation all traders are required to signpost their consumers to a government authorised consumer redress scheme. Although membership of a redress scheme is not compulsory, the CRS is launching to allow all practitioners in the cosmetic industry to easily comply with this new legal requirement while also providing added benefits to its Members.

The CRS is an incredible opportunity to improve standards within the industry by providing a redress scheme for the entire cosmetic, aesthetic and beauty market to raise standards by formalizing the complaints process.

Tim Frome, MD of HF Resolution said *"We are delighted to launch a scheme which will enable those in*

the cosmetic, aesthetic and beauty industry to comply with a legal requirement, provide confidence to their consumers and also hopefully help with the running of their business. The success of the PRS is based on being easy to join, easy to understand, and being proactive in how we help our Members resolve complaints with their consumers. We are aiming to replicate these benefits for CRS Members."

Eddie Hooker, CEO of Hamilton Fraser states, *"We've proven our expertise in the cosmetic market. Raising standards and educating practitioners is a key value of Hamilton Fraser Cosmetic Insurance and we cannot wait to provide assistance to HF Resolution in the running of the CRS. We're also delighted to have gained the support of key figures in the industry."*

For further information visit:
www.cosmeticredress.co.uk



Contact Us

Property Redress Scheme
Premiere House
1st Floor
Elstree Way
Borehamwood
WD6 1JH

 Email: **info@theprs.co.uk**

 Telephone: **0333 321 9418**

 **@PropertyRedress**