

# Property Redress Scheme

## 2016 Annual Report



Authorised by



Department for  
Communities and  
Local Government

**NATIONAL  
TRADING  
STANDARDS**

Estate Agency Team

Protecting Consumers  
Safeguarding Businesses



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Lord Monroe Palmer OBE FCA

## Foreword by the Chairman of the Council

Time flies. This is my third Annual Report. The Property Redress Scheme continues to be one of the three bodies authorised to operate a dispute resolution service, brought in to ensure that compliance is simple and achievable for letting agents, estate agents and property management agents.

I continue to chair a very talented and widely experienced Advisory Council who have also contributed to this Annual Report. I thank the members of the Advisory Council for their wise contributions. We continue to have the services of Sean Hooker as our Head of Redress and he has the support of a talented and experienced team.

We have enrolled considerably more members onto the scheme and have been pleased at the number of renewals from existing members.

As Chairman of the Council I am a person not directly involved in the industry but have always had a keen interest in all aspects of housing.

In the House of Lords I was one of two Opposition Peers who proposed an amendment to the Housing and Planning Act 2016 and persuaded Government Ministers to create a reserve power to mandate Client Money Protection. The Government set up a Review Group which I co-chaired and after taking evidence from across the sector, we prepared a report on mandating the safeguarding of private sector rents, when tenants pay these via a letting agent.

At time of writing this piece we are awaiting the Government's formal response. We have every reason to believe that Government will take the actions recommended by the report.

I see these actions in Parliament as an extension of protections to landlord and tenant as exists under the three Redress Schemes.

**Lord Monroe Palmer OBE FCA**

Chairman of the PRS Advisory Council





# 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).

Last year in my report to you, I indicated that two things were likely to happen in 2016 and sure enough, they have come to pass.

Firstly I predicted that the Property Redress Scheme would go from strength to strength and as you can see, it has. This indicates that the agent market, like the property sector is still expanding, but also reflects the hard work of my team to provide a simple to use, affordable proposition for new and existing agents to comply with the law. Thank you to them and also to you, our members, who have embraced your obligations and chosen us to fulfil them.

Secondly, I foresaw that the Government would look to increase the amount of legislation and compliance in the property sector and the agents who operate in the industry. As I have always said, good regulation can only be a good thing for everyone in the property world, however mainly due to private housing shooting up the political agenda, the rules and changes are coming thick and fast. Agents must keep up with all the developments; revised and updated codes, consumer education and enforcement are key.

In the imminent future, we can expect enhanced banning orders for both landlords and agents who

flout the law and engage in bad and unsafe practices, a database of banned agents and landlords will be compiled and shared with local authorities to act upon, client money protection will be introduced in some form in England and out of the blue the fees charged by agents to tenants will be banned.

In Wales, agents will now have to join a redress scheme for lettings as well as sales, through Rent Smart Wales and many have come to us to assist. Scotland is pressing ahead with a totally radical overhaul of their property market.

We at the PRS have kept you, our members, up-to-date with the developments through regular newsletters, on our website and via social media. For our enhanced members, our popular legal helpline is there for any queries you have on the law and its interpretation.

Consumer awareness is increasing and this has been reflected in the increasing number of complaints being notified to the Scheme. There has been a 100% growth in lettings complaints in 2016. This is partly explained by the overall growth of the Scheme membership, but also indicates an increased upward trend in consumer awareness of the complaint process. What is interesting though is the number of complaints upheld in favour

of the consumer either in full or part, the types of complaints that are being raised and also the increase in those that are resolved at the early stages of our processes rather than going to formal decision.

We have streamlined our processes to ensure the best chance of a complaint reaching a mutual conclusion and we are confident that this will mean benefits to both parties in terms of the timescales and also the satisfaction with the outcomes.

This year we can also show you in more detail the breakdown of the types of complaints, the remedies achieved and the size of the awards made. This summary of complaints is helping us produce more targeted guidance and support to our members and consumers and, in conjunction with our growing body of case studies, will assist in raising standards and increase the reputation of and confidence in the sector. I urge Members to regularly visit our resource centre on our website and see what new material is available to help you to manage and avoid contentious complaints.

I continue to engage with key stakeholders in the industry and have been heavily involved in consultations, seminars and meetings, as well as addressing agents and consumers at trade shows and council-organised events. I have met regularly with the Government and National Trading Standards and continue to ensure that the profile of the sector, its professionalism and quality of service is high on the agenda. Again check our website regularly for updates and developments.

I believe the effective use of both social media and the more traditional mediums, such as television, radio and the written press are paramount to building on the momentum of the importance of redress in the market

and I continue to take every opportunity to push the difference it is making to the industry.

I am indebted to my independent Advisory Council, who have provided effective scrutiny, help and advice on continuing the success of the Scheme. Through the Advisory Council we have continuously looked at improvement and initiatives to increase the effectiveness and delivery of the service. I urge you to read their comments and observations later in this report.

Finally, I am again proud to announce that we have made the decision to make a charitable donation to an organisation that is working hard to help those less fortunate individuals who are struggling to find a roof over their head. New Horizon Youth Centre is based in North London and has been helping young people with their housing needs for 50 years. We are delighted to assist them with this work and will be running various campaigns throughout 2017 to promote the important work they carry out.

I would like to thank all our Members for their continuing support of the PRS and assure them that our dedicated and professional team are working diligently to make the Scheme even more successful as it continues to develop and grow.





# 2016 Highlights

## FEBRUARY

### PRS promotes new 'How to Rent' Guide and Model Tenancy Agreement

The Government asked us to inform our Members that on 1 February updated versions of the "How to Rent Guide" and "Model Tenancy Agreement" were released. This is following the roll out to England of the right to rent scheme, which requires landlords to check that all adults living in their properties are not disqualified from renting property in the UK because of their immigration status. They also made some changes to the subletting clauses in the model tenancy agreement.



## MARCH

### PRS staff member rumbles with the Agents

Adam Wallace, PRS Compliance Officer, joined Landlord Action founder, Paul Shamplina's 'Rumble with the Agents' property industry white collar boxing.

Property professionals from all over the industry squared up in the ring in aid of the charity Noah's Ark Children's Hospice. Adam won his bout and the event raised over £22,000 for the charity.



### First PRS Agent workshop a huge success

The first Property Redress Scheme Agent workshop took place on 16 March at the Strand Palace Hotel in London.

The speakers to the sold out event included Sean Hooker, Head of Redress and Paul Shamplina from Landlord Action. Other names on the podium were Suzy Hershman from mydeposits, Steve Barnes of Hamilton Fraser Professional Indemnity Insurance and Nick Lyons of No Letting Go.

Members of the audience asked questions during the Q&A sessions after each presentation and feedback on the relevance and expertise of the event was very positive.



## APRIL

### Visit to the Crisis Renting Ready Project

We supported the Crisis Renting Ready Project and Head of Redress, Sean Hooker and MD, Tim Frome, made a visit to see the work undertaken at the centre and provide a £5,000 donation.

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 (who were previously homeless) and landlords navigate finding, setting up and sustaining a tenancy.

## JUNE

### PRS sponsors the North East Student Housing Awards initiative

We sponsored and attended the North East Student Housing Awards (NESHA). The awards, in their second year, highlight exceptional service amongst student landlords, letting agents and hall companies in the North East. The awards gala and dinner took place on 2 June at the Assembly Rooms in Newcastle upon Tyne.



### Association of Independent Inventory Clerks join PRS

## JULY

### PRS Workshop held in Cardiff

We held a workshop for Welsh agents on 7 July in Cardiff which included presentations giving agents a chance to get advice and guidance on essential industry topics, including the new requirements agents face under the Rent Smart Wales scheme, which came into effect in November.



## AUGUST

### 5,000th Member Joins PRS

Anthony Hamilton Estate Agents Ltd in Basingstoke, became the 5,000th member to join the scheme and were treated to a bottle of champagne. Mark Chubb, the agency's owner, said: "What a nice treat to celebrate we've become the 5,000th member of the PRS. We will definitely drink a toast to the redress scheme."

Tim Frome, Managing Director of the PRS, said: "We are delighted by this further testimony to our success. Our scheme is easy to join and offers straightforward advice for both property professionals and consumers. We're just short of our second anniversary and have enhanced our offering continuously since we first started. In fact, there are many advantages of choosing the PRS: Enhanced members now enjoy access to a 24/7 legal helpline and we have started to provide workshops on essential industry topics across the country."



## OCTOBER

### UKALA and PRS Launch New Redress Partnership

The UK Association of Letting Agents (UKALA) chose us to provide government authorised consumer redress to its members. Membership of an independent redress scheme is a key benefit of UKALA membership, giving both tenants and landlords the right to impartial independent redress if their UKALA agent fails to resolve a complaint.

Richard Price, Executive Director of UKALA, said: "We're pleased to announce that, following a formal review to secure the best service and value for our members, we'll be working with the PRS as our ongoing provider of agent redress."

# Membership Statistics

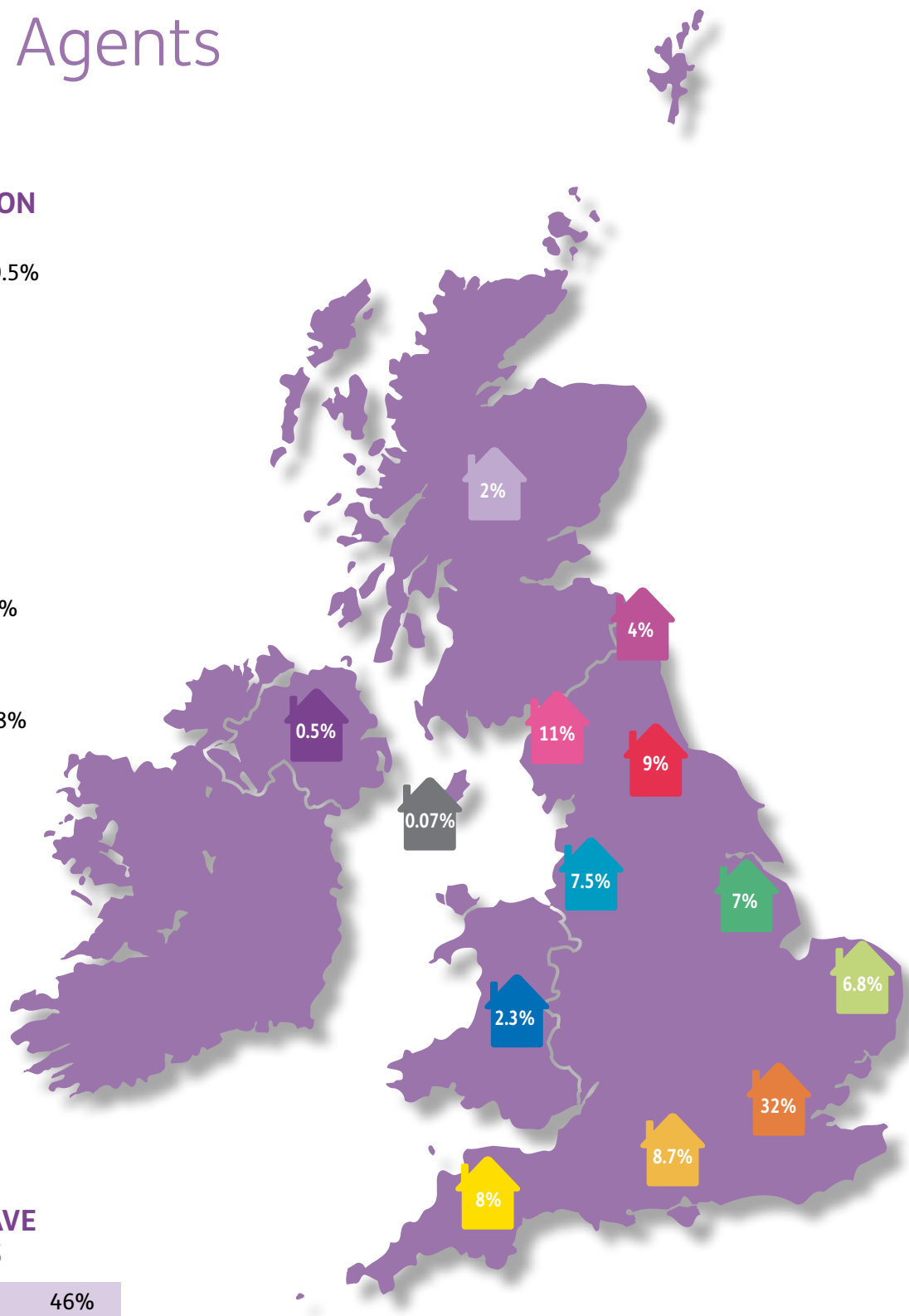
## Property Agents

### MEMBERS BY REGION

- Northern Ireland - 0.5%
- Scotland - 2%
- North East - 4%
- North West - 11%
- Yorkshire - 9%
- Wales - 2.3%
- West Midlands - 7.5%
- East Midlands - 7%
- East of England - 6.8%
- London - 32%
- South East - 8.7%
- South West - 8%
- Islands - 0.07%

### HOW MEMBERS HAVE HEARD OF THE PRS

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



# Quick Facts

## 2016 QUICK FACTS

5,259

Agent offices signed up

31% 79%

Registered for sales

Registered for lettings

76% 82%

Registered for property management

Members signed up for Entry Model

## 2015 QUICK FACTS

3,941

Agent offices signed up

31% 80%

Registered for sales

Registered for lettings

76% 85%

Registered for property management

Members signed up for Entry Model

## 2014 QUICK FACTS

2,506

Agent offices signed up

31% 79%

Registered for sales

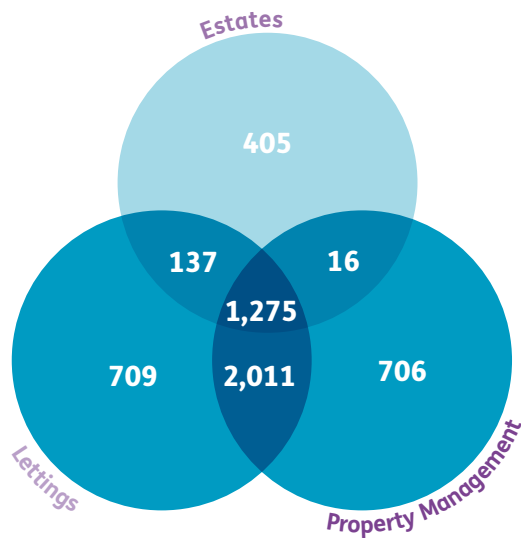
Registered for lettings

72% 82%

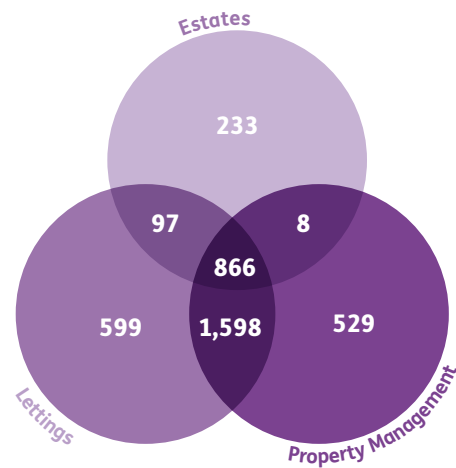
Registered for property management

Members signed up for Entry Model

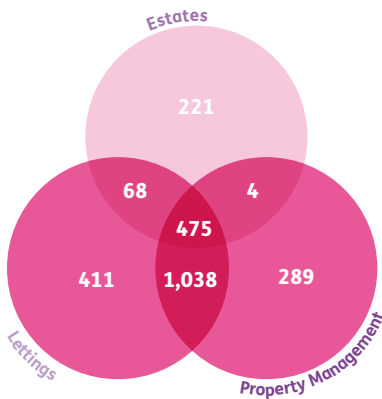
## TYPES OF WORK UNDERTAKEN 2016



## TYPES OF WORK UNDERTAKEN 2015



## TYPES OF WORK UNDERTAKEN 2014



## PROPERTY PROFESSIONALS

Property Professionals	126
Company Landlord	88
Inventory Clerk	12
Combination	1



# The Complaints Process

## STAGE 1

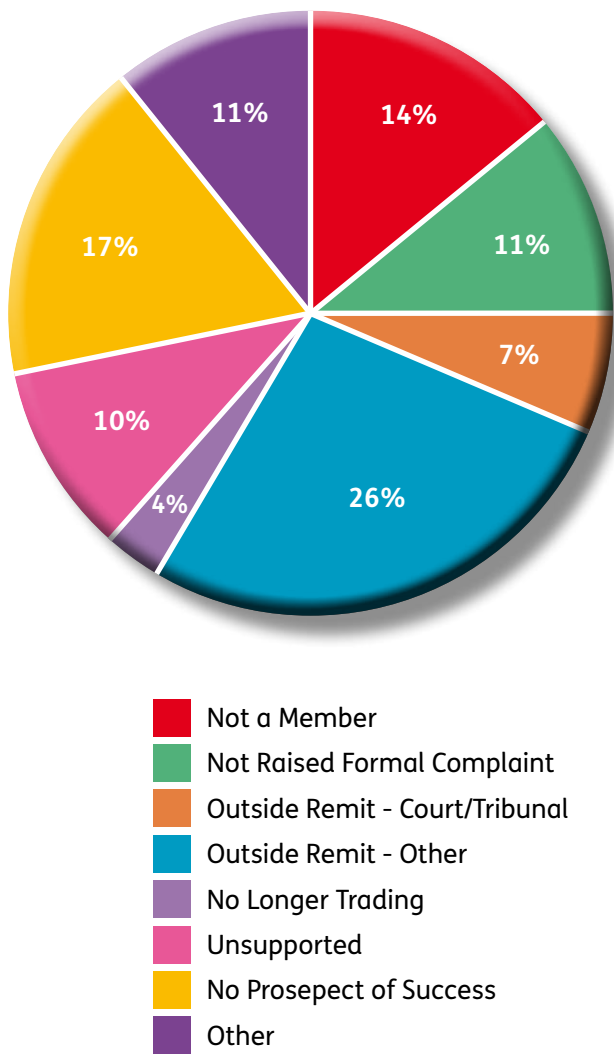
### Receipt of Complaint

Upon receipt of a 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.

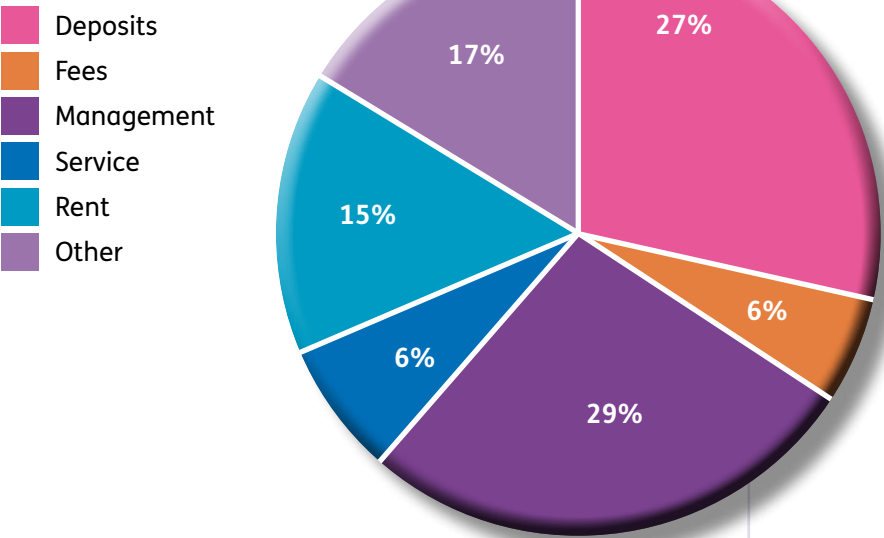
When a complaint falls outside of the scheme's remit, the Case Assessor will explain to the Complainant the reason(s) why the case cannot be accepted and advise the Complainant if there is another appropriate organisation authorised to handle the complaint such as the courts, police or local council.

The PRS received a total of 384 formal complaint notifications in 2016. Up 40% on 2015.

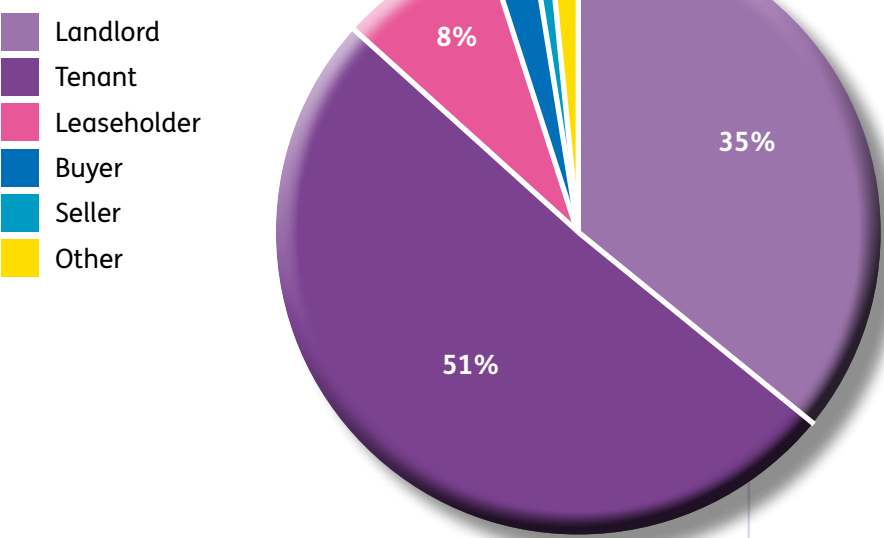
Reason for Decline



Issue of Complaint



Complainant Type



## 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

### Proposed Decision

If one or both parties decline the Case Assessor's resolution, then the complaint will be escalated to a proposed binding decision by evidence-based adjudication. On delivery of the decision, the parties will have 15 working days to inform the scheme whether they accept the decision or whether they wish to have a review based on an error in fact of law or an administrative mistake.

## STAGE 5

### Final Decision

If a review request is made then the Head of Redress will check the request and decide whether to change the proposed decision. The Head of Redress' Final Decision cannot be appealed.

Head of Redress Average Award Compensation  
**£375.27**

Average days taken to complete case from notification of complaint to decision: **108 days**

Total Money Awarded  
**£152,819**

95% of decisions were accepted by the Complainant

17% 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 waited 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 of 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.



# 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. The Advisory Council refers 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 regarding the consequences for 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.



## Alison Nunez

Letting agents had a positive year in 2016 and overall did well to cope with investor sentiment on the back of a general election. It was 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 requirements to professionalise the industry are very welcome. Working with the PRS has focused the mind on reinforcing quality standards within the industry.

*“The big news story for agents was a raft of significant legislative and tax changes in the industry”*



## Richard Price

The private rented sector has changed substantially recently, and that is set to continue. We already see how recent policy interventions have influenced the sector, with more on the way. However, regardless of the myriad of changes within the sector, we can remain successful by adapting. Either by doing something nobody else has done, or, whilst you struggle to think what that could be, by doing the same as everybody else, but better! That means keeping up to date with training and development, taking the time to properly plan a business strategy, and focusing on the delivery of first class customer service.

*“The private rented sector has changed substantially recently”*



## Alex McKeown

The lettings industry in 2016 from a Trading Standards viewpoint:

Legally we noticed that in 2016 Trading Standards were generally starting to fully enforce the Consumer Rights Act 2015, across some London boroughs (especially in Camden). One of the big companies that were fined £12,000 was Foxtons. It has been widely publicised that Camden Trading Standards fined them due to their original simplistic wording of their 'Administration Charge' which was only one breach of the legislation. A number of cases went through the tribunals for extremely large fines where judges reinforced the Department for Communities and Local Government guidance that the maximum of a £5,000 fine should be given for each breach and should only be reduced in exceptional circumstances. It was also confirmed in judgements that the breaches in the office and on the internet were separate, so if an agent is non-compliant in both places, then the fines can run into tens of thousands of pounds. It is essential that agents contact their local Trading Standards departments for advice, as they are always there to help navigate some of the complexities of the relevant legislation, especially as there is so much of it in so many different places.

*“A number of cases went through the tribunals for extremely large fines”*





# The Advisory Council continued



## Paul Shamplina

The last year has been quite testing for landlords, with more changes to come especially involving the tax changes, which have created some uncertainty. At Landlord Action we have seen a really big spike in Section 21 instructions, as landlords are focusing more on just gaining possession, rather than trying to collect rent arrears and risk that the tenants try to defend the claim. I have been personally very busy media wise, with a first season radio show on LBC with Clive Bull called ‘The Property Hour’ in addition, I’m filming series 3 at present for the Channel 5 show ‘Nightmare Tenants, Slum Landlords’, which has been a hit with over 1 million viewers. I also launched recently my Letting Agent Workshops with the Property Redress Scheme which focus on how to attract new landlords. I think the take up will be high, especially with agents worrying about the impending ‘Tenant Fee’ ban and lost income.

“I’m filming series 3 at present for the Channel 5 show ‘Nightmare Tenants, Slum Landlords’”



## Tessa Shepperson

The past few years have seen major legal changes for the private rented sector which landlords and agents are still struggling to come to terms with. For example anecdotal evidence shows many landlords are still failing to comply with the tenancy deposit regulations and the new section 21 rules.

December 2016 saw new rules come into force for Right to Rent checks, including a new ground for possession (which in turn necessitated changes to the prescribed section 8 form) and introduced a custodial sentence for the worst offenders.

However, there was good news from the Supreme Court in the case of Edwards v. Kumarasamy as the Court of Appeal decision was overturned - this had made agents lives difficult by dispensing with notice of disrepair defects outside the property and making landlords liable for certain freeholder obligations - happily these are no longer the case.



## Nick Lyons

2016 was a changing year for the lettings industry, mostly for the better I believe. Increased legislation and regulations in the safety areas, particularly around smoke and carbon monoxide monitoring has been long awaited and the implementation of Right to Rent - essentially second tier immigration checks, will achieve its aim. The progress and success of the Property Redress Scheme throughout 2016 especially around improving processes and procedures, along with the swiftness of resolving complaints has been excellent and has added enormous value to the industry.

2017 will be an interesting year. The continuing changing landscape of the way we access and manage information and the introduction of the banning of tenant fees will prove challenging for some and exciting for others. From a suppliers perspective, we see the changes as exciting but challenging. We will work with our clients to advise and help add value.

“From a suppliers perspective, we see the changes as exciting but challenging.”





## Case Studies

### MISLEADING OMISSION

#### Key topic:

Buyer purchasing a property next door to a pub.

#### Award:

**£100** compensation paid to the buyer.

#### Case details:

- The Agent had declared to the buyer that the property was next to local shops and a pub.
- The buyer enquired about the opening times of the pub and was told by the Agent that the pub closed at 11pm.
- The buyer subsequently discovered that the pub had made an unsuccessful application the year before to extend its opening hours to midnight on a Friday and Saturday.
- The buyer withdrew from the transaction as they were not comfortable with the prospect of future licensing extension requests made by the pub.
- The Agent maintained they were not aware of the failed application and that any licensed establishment could make an application for extended hours at any time.

#### Evidence:

- Sales Particulars and email correspondence.

#### Decision:

- A small compensation amount was awarded to the buyer in the sum £100.

#### Key points from the case:

- The Agent failed to provide the buyer with the information he needed to make a fully informed decision.
- The Agent should have undertaken reasonable checks to find out whether there were any issues which could affect the property.
- The omission of the Agent to investigate and highlight such a sensitive circumstance was seen as a lack of due diligence on the part of the Agent.
- The Agent should have highlighted the possibility of potential disturbance and inconvenience after 11pm.
- However, the buyer had provided no evidence to show that they had suffered material loss.

For more information please refer to the Guidance on Property Sales September 2015 by the National Trading Standards Estate Agency Team.

### QUARTERLY INSPECTIONS

#### Key topic:

- Agent's failure to conduct quarterly inspections.

#### Award:

**£200** to the Landlord.

#### Case details:

- The management agreement entered into between the Landlord and the Agent stated that the Agent would conduct quarterly inspections as part of the fully managed service.
- The tenants made numerous alterations to the property without gaining permission and caused damage to the property.
- The Landlord was not made aware of the alterations or damage until the end of the tenancy.
- The Landlord claimed the cost of remedial works from the Agent.

#### Evidence:

- Inventory and check-out report.

#### Decision:

- A compensatory amount was awarded to the Landlord in the sum £200 for the Agent's breach of their obligations.

#### Key points from the case:

- The Agent is not liable to pay for the remedial works required, the Landlord should pursue the tenant for these costs.
- The Agent cannot be responsible for the tenant's breach of the tenancy agreement.
- It is outside of the remit of the PRS to deal with any breaches of the tenancy agreement by the tenant. The Landlord should use the services of the relevant government authorised tenancy deposit protection scheme or use the court service.
- The Agent failed to conduct quarterly inspections as they agreed to do in the management agreement;
- The Agent should do what is expected of them under their management agreement.
- The Agent should carry out routine property inspections in a reasonable way, ensure that they are thorough and regular and seek to resolve any issues identified.
- Whilst quarterly inspections would only highlight obvious issues in the property, the Agent should carry out any services using reasonable skill and care and in a timely way.
- The Agent should keep the Landlord informed of any breach of the tenancy agreement by the tenant and it is good practice for the Agent to provide the Landlord with a copy of the quarterly inspection report.

The Competition and Markets Authority Guidance for Lettings Professionals on Consumer Protection Law which can be viewed by visiting [www.theprs.co.uk/Resource/ViewFile/77](http://www.theprs.co.uk/Resource/ViewFile/77)



## Case Studies continued

### NO PROSPECT OF SUCCESS

**Key topic:**

Tenant terminated the tenancy during the fixed term due to a pest infestation.

**Award:**

Case declined by the Property Redress Scheme as the agent was not found to be in breach of their obligations.

**Case details:**

- The tenant entered into a 6 month Assured Shorthold Tenancy Agreement with the landlord.
- The agent was instructed to fully manage the property during the tenancy.
- Two months into the tenancy the tenant reported a pest infestation to the agent.
- The agent quickly arranged for pest treatment and remedial works to be undertaken after it became apparent that there were gaps in the structure of the property allowing mice to enter.
- The tenant had a phobia of mice and gave her notice to vacate the property.
- The landlord gave his permission to the tenant to terminate the tenancy subject to two conditions:
  - The tenant continued to pay the rent until a replacement tenant moved into the property;
  - The tenant paid a re-letting fee in the sum of £240 to the Agent.
- The tenant paid the re-letting fee and later disputed this charge.

**Evidence:**

Assured Shorthold Tenancy Agreement, correspondence and invoices to show works undertaken by the Agent.

**Decision:**

The tenant’s complaint and claim for a refund of the re-letting fee had no reasonable prospect of success with the Property Redress Scheme..

**Key points from the case:**

- The agent responded promptly to address the infestation in the property and to remedy any gaps in the structure of the property.
- The tenant was not entitled to terminate the tenancy during the fixed term without the permission of the landlord.
- The payment of the re-letting fee was a condition attached to the landlord’s permission to release the tenant from the tenancy agreement early.
- The tenant was clearly made aware by the agent of the conditions of her release from the tenancy agreement before she vacated the property.
- The tenant opted to terminate the tenancy agreement as a result of her phobia even though remedial works had been undertaken and the infestation issue was resolved by the Agent.

## Membership Options

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

### OPTION 1

### Enhanced Model

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\*)

**Cost:**

- From £199 (plus VAT) per application (head office) +
- From £199 (plus VAT) per branch

*For example, if you have a head office and 2 branches that will require 3 subscriptions (£597 plus VAT)*

*\*See website for details*

### OPTION 2

### Entry Model

Low annual subscription fee for head office and each of the branches plus reasonable complaints fees.

**Cost:**

- From £95 (plus VAT) per application (head office) +
- From £95 (plus VAT) per branch

*For example, if you have a head office and 2 branches that will require 3 subscriptions (£285 plus VAT)*

**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:**

- £80 (plus VAT) for a Member who is a member of a body with client money protection insurance.
- £120 (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.





# Profit & Loss Account for the year ended 30<sup>th</sup> November 2016

Turnover	£642,198
Administrative expenses	(£590,795)
Profit on ordinary activities before taxation	£51,403

## Balance Sheet at 30<sup>th</sup> November 2016

Fixed assets	-
Current assets	
Debtors	£2,817
Cash at bank and in hand	£257,278
	£260,095
Creditors falling due within one year	(£125,614)
Total assets less current liabilities	£134,481
Capital and reserves	
Called up share capital	£100
Profit and loss account	£134,381
Total Equity	£134,481

# Profit & Loss Account for the year ended 30<sup>th</sup> November 2015

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

## Balance Sheet at 30<sup>th</sup> 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
Total Equity	£93,541

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

# Supporting the New Horizon Youth Centre

The New Horizon Youth Centre (NHYC) is a registered charity offering a vital support network to vulnerable and homeless youths between the ages of 16-21. They are based in the London Borough of Camden and open their doors 7 days a week, 365 days a year to youths from the UK and abroad. NHYC put together a programme for each youth that can include accredited learning opportunities and creative workshops to prepare them for the outside world and to help them access rented accommodation.

In May 2016 New Horizon Youth Centre and Network Homes joined forces to embark on a highly innovative Help-to-Rent partnership to improve young people's accommodation options and employment prospects to ensure long-term sustainability. As a result of this programme 95% of project participants sustain their tenancy beyond 6 months and 85% of clients sustain their tenancy beyond 12 months.

The Property Redress Scheme will support the efforts of the New Horizon Youth Centre over the next 12 months with initiatives aimed at raising greater awareness of the charity. The PRS has also made an initial donation of £5,000 to the scheme and Head of Redress Sean Hooker and Alexandra McKeown from Camden Council Trading Standards presented this payment during a visit to the centre in June.

More information about the New Horizon Youth Centre can be found on their website [nhyouthcentre.org.uk](http://nhyouthcentre.org.uk)



Pictured from left to right:  
Estrella Amigo-Valcarce, Corporate Partnerships Manager,  
Stella Howe, Project Development Manager,  
Sean Hooker, Head of Redress,  
Alex McKeown, Consumer Protection Officer, Camden Council



## What people say about the PRS

“

- *I would like to thank you and PRS for the excellent service provided, without it I don't think I would have got this result... 'PRS has been a treasure'.*
- *I really appreciate the time spent listening to the issues surrounding this case.*
- *The Property Redress Scheme's support was unbelievably helpful and professional through the whole case. Even with having a complex issue, they managed to come to an acceptable agreement with both parties, within the promised deadlines and boundaries. Their communication of the situation is flawless, we were well informed all the time.*
- *Thank you PRS for everything you have done.*

”







# ADR Regulations Approval

Reporting Period: 1st October 2015 to 31st September 2016

## Introduction

On 1st October 2016, The Property Redress Scheme (PRS) gained approval from the Chartered Trading Standards Institute (CTSI) and the National Trading Standards Estate Agency Team (NTSEAT) under the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (ADR Regulations).

Both CTSI and NTSEAT are authorised as competent authorities for the purpose of the work the PRS undertakes under the ADR Regulations. The NTSEAT cover our estate agency work whereas the CTSI cover all other property related work including lettings and property management.

## Overview

The PRS is a relatively new provider of consumer redress. We have been in operation since the summer of 2014 and initially set up to enable lettings and property management agents to comply with their legal requirement to join a redress scheme under the Enterprise and Regulatory Reform Act 2013. We quickly obtained authorisation from NTSEAT to offer redress to estate agents under the Consumers, Estate Agents and Redress Act 2007.

The PRS received their first complaint in October 2014. The process allowed the complainant to fill out a pdf complaint form and provide all their evidence by post or email. During this period we developed a fully integrated online complaint process and management system. This will allow the complainant to set up an account and raise the complaint online. The PRS Member will be able to deal

with the complaint through their online account and the PRS complaints team will have full visibility through the internal system. We went live with this in early October 2016.

We put a strong emphasis on early resolution and around 40% of our complaints are resolved at the recommendation stage. When agreed, the recommendation becomes a formal PRS binding decision on the parties. The other 60% of cases proceed to a final decision carried out by the Head of Redress.

## Types of Complaints

We started off receiving a number of complaints about holding deposits. This prompted us to produce a case study to advise both complainants and members about how we would resolve such complaints, where we then saw a drop. Now our complaints are spread across a number of different topics, from Japanese Knotweed through to developers pulling out of delivering new build properties.

## Timescales

Our timescales have remained steady since we first started dealing with the complaints. Over 99% of complaints are dealt with in less than 90 days from us receiving the initial complaint through to decision. We set strict internal KPIs which allow us to maintain expected service standards. We hope that the introduction of our online complaint system will further reduce the average time to resolve a complaint.

# ADR Regulations - Statistics

1st October 2015 to 31st September 2016

SECTOR UNDER JURISDICTION	Sales	Lettings	Residential Leasehold Management	Other (Inventory Management Company)
<b>Disputes Received</b>				
Number of domestic disputes received	19	292	33	1
Number of cross-border disputes received	0	0	0	0
<b>Disputes Rejected</b>				
a) No formal complaint raised with trader	2	3	0	0
b) Frivolous or vexatious/unsupported complaint	5	50	4	0
c) Dispute being more appropriate for it to be considered elsewhere (e.g. court)	2	24	14	0
d) Claim value over £25,000	0	0	0	0
e) Not referred within 12 months	1	4	0	0
f) Dispute would impair effective operation	0	0	0	0
<b>Percentage of cases discontinued for operational reasons</b>				
	0%	4%	0%	-
<b>Average time taken (days) to resolve</b>				
a) Domestic disputes	86	62	46	34
b) Cross-border disputes	0	0	0	0
<b>Rate of compliance with Ombudsman decisions</b>				
	86%	94%	100%	100%

# DCLG - Statistics

1st July 2015 to 30th June 2016

<b>Letting offices:</b>	4000	
<b>Residential Leasehold Management (RLM) offices</b>	305	
<b>Number of expelled Letting agents</b>	12	
<b>Number of expelled RLM agents</b>	0	
<b>Cases brought to PRS from</b>		
a) Landlords	115	
b) Tenants	172	
c) Freeholders	0	
d) Leaseholders	28	
e) Other	10	
<b>Why the complaint was referred to PRS</b>		
a) Deadlock between the parties	129	
b) Complaint unresolved by in-house complaints process after 8 weeks	162	
c) Scheme administrator's discretion	0	
d) Other	0	
<b>Complaints resolved via</b>	<i>Lettings</i>	<i>RLM</i>
a) Mediation/other without formal review (recommendation)	63	0
b) Formal review	104	3
<b>Total number of cases decided during the year</b>		
a) Upheld	147	
b) Non-support	23	
<b>Average time taken for case to be decided (taken from date evidence provided by both parties to date decision issued)</b>	<i>Lettings</i>	<i>RLM</i>
	62	46
<b>Awards made where complaints were upheld</b>	<i>Lettings</i>	<i>RLM</i>
a) Financial	68	1
b) Non-financial	5	1
c) Financial and non-financial	31	0
d) Other	1	0
<b>Level of awards</b>	<i>Lettings</i>	<i>RLM</i>
a) £1 to £99	2	0
b) £100 to £499	31	1
c) £500 to £999	21	0
d) £1,000 to £2,999	26	0
e) Above £3,000	12	0
<b>Total compensation paid by</b>		
a) Lettings agents	£152,576.80	
b) RLM agents	£200.00	

<b>Breakdown of complaint issues by topic</b>	
General Communication	13
Duty of Care	20
Conflict of Interest	0
Advertising for new business (Canvassing)	0
Market Appraisal	0
Instructions and Terms of Business	11
Fair Contracts	2
Fees and Charges	25
Termination of Client Agreement	2
Subsequent Changes	0
Marketing and Advertising	2
Letting Boards	0
Published Material and Information about a Property	1
Viewings	4
Access to Premises	3
Offers	0
Referencing	4
The Tenancy Agreement	4
Inventories and Schedules of Condition	0
Deposits	63
Bonds	0
Rent Collection	30
Management	60
Termination of a Tenancy	3
End of Tenancy - Deposits, Disputes and Damages	6
Clients' Money	12
In-house Complaints Handling	10
Referrals to the Ombudsman	0
Compliance Monitoring	0
Management of shared areas	1





## Expelled Members List

This list contains details of all those Property Redress Scheme members that have been expelled from the scheme due to non-compliance with a decision made by the Head of Redress and failing to adhere to our Terms of Reference.

<ul style="list-style-type: none"> <li><b>Charles Duggan Lettings</b> Lichfield House, Finchley, N3 2JP</li> </ul>	Expelled 4th January 2016
<ul style="list-style-type: none"> <li><b>Exeder Limited</b> 47 Kingsley Road, Houslow, TW3 1PA</li> </ul>	Expelled 23rd March 2016
<ul style="list-style-type: none"> <li><b>Jasmine Court Enterprises Limited T/A Jasmine Property Services</b> 370 London Road, Westcliffe-On-Sea, SS0 7HZ</li> </ul>	Expelled 1st April 2016
<ul style="list-style-type: none"> <li><b>The Letting Department Limited T/A Dukes</b> 52 Meads Street, Eastbourne, East Sussex, BN20 7RH</li> </ul>	Expelled 4th April 2016
<ul style="list-style-type: none"> <li><b>London UK Lettings Ltd T/A Crestons</b> 46 Brick Lane, London, E1 6RF</li> </ul>	Expelled 6th May 2016
<ul style="list-style-type: none"> <li><b>Carter Stones Limited</b> 1A Connaught Road, Ilford, IG1 1RL</li> </ul>	Expelled 25th May 2016
<ul style="list-style-type: none"> <li><b>Sam Alexander Limited T/A Diamond Alexander</b> 15A North Pole Road, London, W10 6QH</li> </ul>	Expelled 14th June 2016
<ul style="list-style-type: none"> <li><b>Crest London Limited T/A Crestons</b> 13 Caledonian Road, Kings Cross, Islington, London, N1 9DX</li> </ul>	Expelled 5th July 2016
<ul style="list-style-type: none"> <li><b>Urban Nest Property Limited</b> 25A Princes Park Manor, Royal Drive, London, N11 3FL</li> </ul>	Expelled 6th July 2016 (Re-instated 6th October 2016)
<ul style="list-style-type: none"> <li><b>Lettings4all Limited</b> 20 West Street, Lees, Oldham, OL4 5AS</li> </ul>	Expelled 27th July 2016
<ul style="list-style-type: none"> <li><b>Fair Links Limited</b> 659 High Road, Ilford, Essex, IG3 8RA</li> </ul>	Expelled 2nd August 2016 (Re-Instated 28th April 2017)

<ul style="list-style-type: none"> <li><b>Fox &amp; Co</b> Estate Office, Broomcroft, Stanalee Lane, Preston, PR3 2EQ</li> </ul>	Expelled 10th August 2016
<ul style="list-style-type: none"> <li><b>Oaklet Ltd</b> Portland House, Belmont Business Park, Durham, DH1 1TW</li> </ul>	Expelled 11th August 2016
<ul style="list-style-type: none"> <li><b>Flatsgo</b> 85 Fairfield Road, London, E3 2QF</li> </ul>	Expelled 12th August 2016
<ul style="list-style-type: none"> <li><b>Cornerstone Estate Agents</b> 151 Rushey Green, London, SE6 4BD</li> </ul>	Expelled 29th September 2016 (Re-instated 5th October 2016)
<ul style="list-style-type: none"> <li><b>Sandford Lettings &amp; Property Management</b> 5 Gilwell Close, Bedford, MK41 8BS</li> </ul>	Expelled 7th October 2016
<ul style="list-style-type: none"> <li><b>Studio One Estates</b> 34-35 Hatton Garden, London, EC1N 8DX</li> </ul>	Expelled 21st October 2016
<ul style="list-style-type: none"> <li><b>UK Legal Estates Limited</b> 99-101 Wolseley Road, Sheffield, S8 0ZY</li> </ul>	Expelled 26th October 2016
<ul style="list-style-type: none"> <li><b>Waterloo Property Management (NW) Ltd T/A Century 21</b> 74 George Street, Oldham, DL1 1LS</li> </ul>	Expelled 8th November 2016
<ul style="list-style-type: none"> <li><b>Gallery HD1</b> 28 John William Street, Heddersfield, HD1 1BG</li> </ul>	Expelled 18th November 2016
<ul style="list-style-type: none"> <li><b>Cannons Estate Agents</b> 189 Fulham Palace Road, London, W6 8QX</li> </ul>	Expelled 21st November 2016
<ul style="list-style-type: none"> <li><b>Home Solutions Incs</b> 676 Green Lane, Ilford, Essex, IG3 9RX</li> </ul>	Expelled 20th December 2016
<ul style="list-style-type: none"> <li><b>Corp Connections</b> 5 Harbour Exchange, Canary Wharf, London, E14 8BU</li> </ul>	Expelled 20th December 2016
<ul style="list-style-type: none"> <li><b>Shepherd Direct Estates Limited</b> 3 Brindley Place, Birmingham, B1 2JB</li> </ul>	Expelled 20th December 2016
<ul style="list-style-type: none"> <li><b>Witney Properties Limited</b> 10A Corndell Gardens, Witney, OX28 4DF</li> </ul>	Expelled 21st December 2016



## Spotlight on Inventories

### Why should a letting agent use a 3rd party inventory clerk?

According to research conducted by Savills, the total number of homes in the private rental sector has grown by 28% since 2011. This equates to a massive £1.29tn worth of properties and, interestingly, the sector has overtaken mortgage owner occupiers in terms of net wealth.

It is natural that in this era of increasing regulation in the industry more and more agents, who manage a large proportion of this wealth, are opting for professional inventory checks. With letting agents having to jump through more hoops, the value of an independent inventory check has exploded exponentially. The objective assessment of the property at the start and end of the tenancy provides the vital transparency required for resolving disputes with landlords and tenants.

An independent inventory clerk has no emotional ties to any of the parties or the property itself so agents, landlords and tenants can feel secure knowing an expert is assessing the change in the condition of the property over time. Similarly, a trained and accredited inventory expert can provide a report that includes all compliance and safety features that are now mandatory during a tenancy.

There is tremendous value in the experience and expertise that an independent inventory clerk can offer. Jonathan Senior, owner of Verismart, explains that his company complete 70,000+ inspections a year.

Outsourcing inventories, check in, check out and inspection reports ensures some of the most important elements for a successful tenancy are handled by a genuine expert.

Nick Lyons, CEO and founder of No Letting Go, reiterates that it is not an inventory clerk's responsibility to determine fault or cost. Instead, a clerk will advise on the extent of fair wear and tear to the property and, most importantly, the condition the property has been left in. With a full, independent report the negotiation period at the end of a tenancy is a much easier process.

### Why do independent inventory businesses join the Property Redress Scheme when it is not a legal requirement for them?

Many independent inventory companies see the necessity of joining a redress scheme due to the comfort it gives their consumers when instructing them to undertake the report. Whilst it is not a legal requirement for this section of the market, membership of a redress scheme has become a unique marketing element to set themselves apart.

Nick Lyons built No Letting Go based on his core values of reliability, consistency and accountability. He explained to us that No Letting Go joined the Property Redress Scheme because of the scrutiny his agent clients now face. His clients rely on the documents No Letting Go provides and therefore feels it is the responsibility of any independent inventory business that they expose themselves to the same industry standards.

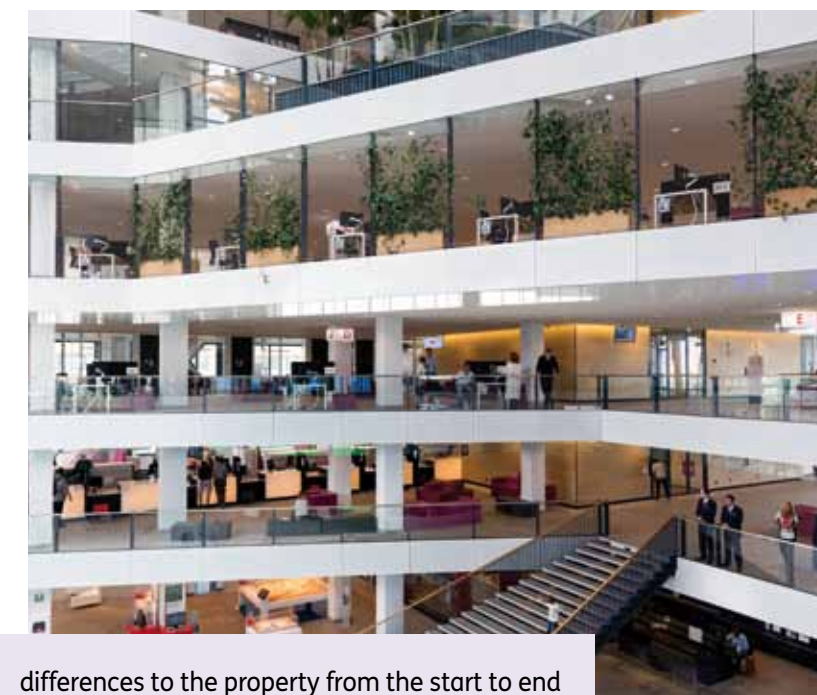
Aside from the practical benefits, outsourcing your inventory checks also provides commercial benefits as it frees up valuable resources for an agency to invest in staff that directly increases the business' revenue and helps it to grow.

*Nick Lyons built No Letting Go based on his core values of reliability, consistency and accountability.*

Jonathan Senior echoes these sentiments as he feels it is important for Verismart to show clients and consumers that the redress they offer is provided by an independent body who work to an accepted and approved standard.

Ultimately, he sees external redress as an important element for service providers in the industry to show that they take their responsibilities to the consumer seriously. With residential letting now requiring more compliance than ever it is vital that the providers of ancillary services adhere to the same standards expected from the agents on the industry's front line.

Suzy Hershman, Head of Dispute Resolution at mydeposits believes that inventories need to be robust and well detailed as the comparison of quality check-in and check-out inventories will clearly demonstrate the extent of any



differences to the property from the start to end of the tenancy. It follows that these become the primary evidence used by agents and landlords to negotiate any proposed deductions for the purpose of the final deposit distribution, and by an adjudicator in the event of a formal deposit dispute.

Third party inventory companies who have voluntarily opted to join the PRS demonstrate a willingness to be held to account at the same standards as letting agents are. In doing so, they are contributing towards raising industry standards for both consumers and business.

The Association of Independent Inventory Clerks (AIIC) also joined the Property Redress Scheme in 2016. Under this arrangement consumers of the approx. 800 AIIC members receive access to the PRS complaint resolution process. With the AIIC, No Letting Go and Verismart as members of the PRS. The scheme is now the preferred redress membership for inventory clerks.

*Suzy Hershman, Head of Dispute Resolution at mydeposits believes that inventories need to be robust and well detailed.*

*The objective assessment of the property at the start and end of the tenancy provides the vital transparency required for resolving disputes with landlords and tenants.*



# Contact Us

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