

# Property Redress Scheme

2017 Annual Report

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## Foreword by the Chairman of the Council



The late Robert Kennedy once said “Like it or not we live in interesting times”. This is certainly the way I view the world of property at this current moment; both as Chairman of the PRS Advisory Council and in my parliamentary capacity. I see a sector facing major change in the next few years.

The shape of this change is still to be determined; however, as my work on paving the way for compulsory client money protection for letting agents has showed me, the focus should be on consumer protection - creating a professional industry and driving out the elements who are not fit for purpose in our sector.

I am very aware that Sean Hooker and the PRS team have done a lot of work feeding in to the process of improving the industry - through numerous consultations and meetings with both Government and members of the sector. These engagements will continue during the year ahead and we will continue to feedback to you, the members and users of the Property Redress Scheme, through regular communication.

From my point of view, I very much hope that the Government listens to the experience of those working at the coal face of this valuable market and give it the tools to do the job successfully.

My appreciation must also go to my Advisory Council and I urge you to delve into this report and see the depth of expertise they bring and their observations on the challenges and opportunities the industry faces in the near future.

I will leave you to read the rest of the report and see the way that the PRS continues to grow and provide a valuable service.

However, if I may, I would like to highlight one particular area of which I am very proud and that is our support of the New Horizon Youth Centre over the past year. Their team are doing tremendous work to help vulnerable young people who are experiencing homelessness and I have no doubt that the PRS' chosen charity for 2018, Agents Giving, sees the same fruitful relationship that this one has. Both organisations are an inspiration to us all.

**Lord Monroe Palmer OBE FCA**  
Chairman of the PRS Advisory Council

## 01.

## Head of Redress Report



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).

As I reflect on 2017, I am extremely proud of our achievements in the sector and the positive effect the scheme has had on the industry. As you will read in this report, the Scheme has continued to grow and thrive - we exceeded our membership targets and now represent a significant proportion of the still-growing property sector. It always pleases me when I walk down a high street and see agents with our window sticker or meet agents who have joined our scheme and feedback positively on the value and service we provide.

I know that being a member of a redress scheme is compulsory and, yes, you also have to (by law for letting agents) display your membership prominently; however, I am struck by how many agents tell me that they actively promote the fact they are members and understand that complying with the law actually reassures their customers that they are companies who want to do the right thing. They welcome the increasing enforcement against those in the sector who do not play by the rules and appreciate that handling complaints in a professional manner can enhance their business.

There is still much work to do - especially in the arena of enforcement and public awareness; however, we are pleased that we are now a properly embedded part of the property landscape and the increasing professionalism of the agent world. 2017 saw a real focus on the property industry by the powers that be and the phrase "fixing our broken housing market" has become firmly implanted in the media and public perception. There is no denying that we do face huge challenges but agents are part of the solution, not the problem.

A large part of my year was spent understanding and contributing to how we can tackle the future and what the industry should look like going forward. This work coincided with a raft of proposed legislation and changes emanating from the centres of government throughout the country.

In Wales, Rent Smart Wales continues to bed in and the introduction of compulsory letting agent redress to their jurisdiction has brought into line with England, albeit other parts of their sector are radically different to their neighbours. Scotland spent 2017 preparing for what has been described as the most comprehensive reform of their housing regime in living memory and it will be interesting to see what effects this has on the industry north of the border now these powers are going live.

The heightened political priority of housing in England has meant that our governmental rulers are looking at reform with an increased vigour. Those of you who follow these developments will know that the proposed changes will have fundamental consequences for your businesses and I have tried to keep you updated on developments through my regular blogs and articles in the property media.

In 2018, we will see the introduction of increased powers given to the authorities to impose banning orders on agents as well as a rogue agent and landlord database. There will be major changes to HMO licensing requirements and, of course, the banning of letting agent fees will be crystallised into legislation, although you can be reassured that the requirements will not be law until earliest Spring 2019 - you can read more about these in the latter pages of this document in my view from Westminster.

The Mayor of London, Sadiq Khan, rolled out his own rogue database and the PRS has agreed to work with the Greater London Authority and provide them with details of any expelled member who operated in the Capital. These Members now appear on the public register for all landlords and tenants to see, along with operators in the market who have been found guilty of serious offences by the local authorities and the London Fire Brigade. I anticipate that, in the near future, other regional authorities will look to introduce similar lists and this will make it tougher for

these criminals to continue to exploit the market and sully the reputation of the rest of us. The rogues can run but they can't hide.

There are also serious discussions on regulating the industry and whether all agents will need to be registered or qualified in some form. I have been proactive in saying that I welcome moves to professionalise the industry and how existing standards must be maintained and monitored. The detail of what mechanism should be used to implement these aspirations remains to be developed; however, rest assured I will be proactive in contributing to a beneficial system that allows the industry to thrive, whilst ensuring the consumer is adequately protected.

Back at the ranch, I am very pleased with the way our new processes have bedded in and also the way my team has embraced, and made successful, our proactive approach to resolution. We now talk directly to a majority of the participants in a complaint, providing a recommended solution to their dispute in the first instance, followed by a proposed formal decision, with the opportunity for a review and final decision if a fundamental flaw in the decision is discovered. I am proud of each and every one of the team and the service they provide.

This has led to a dramatic increase in the early resolution of cases - saving everyone time and money and leading to more satisfactory outcomes. Of course we still have work to do as we are aware that, when disputes occur, any wait seems too long and, whilst we are proud of standards and delivery, we know that the parties in a complaint become more stressed the longer they wait for resolution.

Our plans for the future are to make our processes even slicker and to provide increased support and advice to everyone who interacts with the Scheme. We will provide more guides and case studies, and plan to do a number of regional roadshows to meet with local agents and work actively with them to make complaints work for them and their customers.

My Advisory Council has been invaluable during the last year and they have provided robust scrutiny and advice to me. They are a real connection to the sector and cover all elements within it. As with any team, I hope to add to and strengthen it over the next year and the value of this will reflect in the service we provide.

Finally I would like to commend our Members, for being part of the Scheme and the work they do to provide a professional and vital service in the market. For some of you the next few years will be tough as the changes faced by the industry will not be easy; however, we are here to support you and there will be many opportunities in the future to build stronger and better business. Thank you. ●

# 02.

## 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.

## The Advisory Council Members

### Nick Lyons

No Letting Go was one of the first property suppliers to voluntarily sign all of our UK wide offices to the scheme. Accountability is one of our core values and we need to be not only accountable to our clients but also to their landlord and tenant clients. As an advocate of best practice throughout the whole industry, as well as my own, I feel that being involved with the Property Redress Scheme allows me to have an active role and can work from within to help improve industry best practise. Thus far, the PRS has done a fabulous job and has built solid systems to manage complaints effectively and help improve the overall perception and management of the property industry.

The past year has seen an enormous amount of upheaval in the market caused by the tenant fee ban consultation process. Particularly as many property professionals felt that very little consulting with the industry was done and, as a result, many are still unsure how this will impact them until the final paper is released. No Letting Go, as one of the UK largest providers of inventory and compliance reporting services to the lettings industry have considered the forthcoming legislation changes as positive and have been working with clients on a series of combined compliance-focused services and solutions to help bridge the potential income gap and improve the customer journey for tenants, landlords and agents.



“ The past year has seen an enormous amount of upheaval in the market caused by the tenant fee ban consultation process. Particularly as many property professionals felt that very little consulting with the industry was done and as a result many are still unsure how this will impact them until the final paper is released.



### Eric Walker

I am delighted to join the Advisory Council and am confident my 30 years' experience in sales, lettings and property management will prove to be a useful addition to the Advisory Council. As a founding member of SAFEagent and its campaign to make client money protection insurance compulsory I have demonstrated my commitment to raising standards within the industry. I believe robust redress is essential in protecting consumer interests and instrumental in raising standards across the industry.



### Paul Shamplina

The reason I accepted the role on the Advisory Council of The Property Redress was to help the scheme make a difference to the industry. From when I set up Landlord Action in 1999, unfortunately I have come across many agents that have withheld rents/deposits and not passed them on. Now the consumer (the landlord or tenant) can make a complaint and can expect redress to be carried out by an impartial adjudicator. The campaigning of The PRS for client money protection has been invaluable. In just three and a half years The PRS has over 7,000 members, making great strides in the industry. With more regulation coming into the letting agent market the need for support, education and guidance to agents is needed more than ever, especially with the tenant fee ban predicted to come in early 2019, some agencies will struggle. With the support of the Advisory Council I look forward to helping the PRS continue to grow its membership and be the go-to Redress Scheme for agents.

“ In just three and a half years The PRS has over 7,000 members, making great strides in the industry.



### Tessa Shepperson

I was asked to come onto the PRS Council due to my experience in the private rented sector and legal issues generally as a specialist landlord and tenant lawyer. I was delighted to accept – I know from the advice work I do for both landlords and tenants that having recourse to a good redress scheme is invaluable.

So often there is an issue, be it poor service or failure to comply with legal obligations, where taking the matter to the County Court for redress would pose a difficult burden on people unfamiliar with the courts and their procedures. Having an easy-to-use redress scheme is much less stressful for people – people who may already be stressed due to the problem they are complaining about. Often a problem which, although serious to the client, is something which cannot really be dealt with via the courts adequately or which would attract such a small award that it would render the whole exercise uneconomic.

However, redress schemes, in addition to their power to award compensation, can also make other awards which are not possible in court proceedings - an order that the wrongdoer make an apology, for example. Which is often all that people want. So I am proud to be a part of the Property Redress Scheme and support what they do.

“ Having an easy to use redress scheme is much less stressful for people – people who may already be stressed out due to the problem they are complaining about.



### Alexandra McKeown

I agreed to join the Property Redress Scheme Advisory Council as I work for Trading Standards and I felt that both myself and the Advisory Council would benefit from building better links together. As more and more legislation is placed on the lettings industry, I felt I needed to understand what is actually happening in the industry as well as sharing my own expertise. The requirement to belong to a scheme has helped in taking a step towards raising the standards within the lettings industry and since the requirement became mandatory, more and more tenants have access to redress without the complications and the difficulties of taking a matter to court. It has also assisted trading standards in identifying where and what the main problems are in the industry.



### Richard Price

Having been active in the private rented sector for over 20 years, I have seen first-hand the effects of “unintended consequences” of both regulation and common interactions, with entrenched positions all too often escalating matters disproportionately. An independent redress facility enhances any business offering and few contractual relationships are as important as those used in providing people with a home. I am pleased to offer my experience to the Property Redress Scheme and being, at times, somewhat cynical, enjoy playing devil’s advocate.



### Alison Nunez

2017 continued to show the effects of pressure on the private rented sector, from post-Brexit to the pending tenant fee ban. The industry remains strong; however, fluidity is key - adapting to what your customer wants and needs and being the best. Legislation will continue to evolve, with professional bodies being the standard bearers for the industry, ensuring compliance and providing consumer ‘satisfaction’ along with service delivery.

I joined the PRS Council in late 2016, having taken over the reins from a colleague. Personally, the board offers me an interactive and unique selection of property specialists providing expertise and personal opinion, helping to keep me at the forefront of an ever-changing industry. From a business perspective, as a Letting Agent with over 35 branches, PRS provides an essential resolution service which is clear, time efficient and supportive to my teams and offers complete peace of mind.

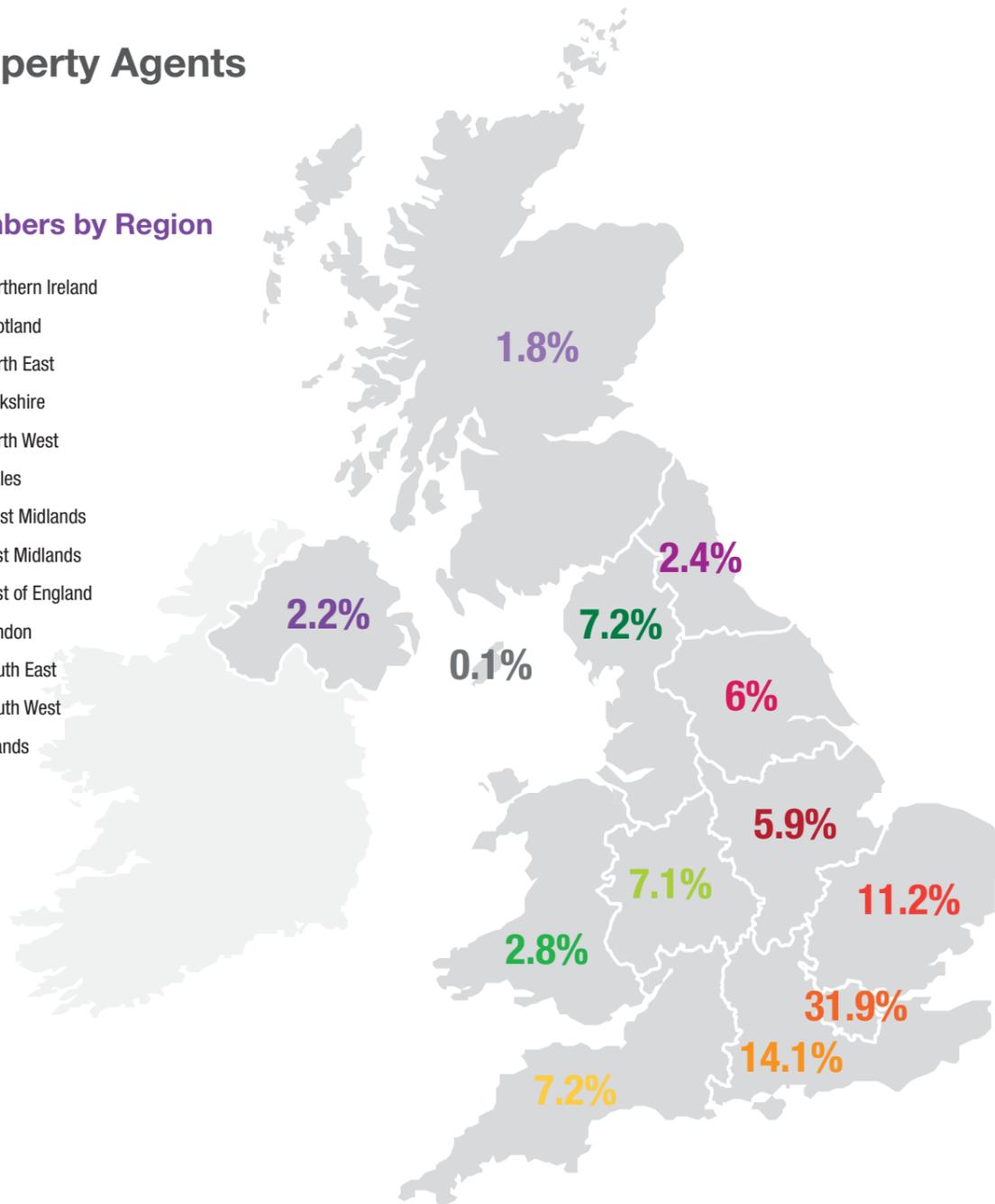
# 03.

## Memberships Statistics

### Property Agents

#### Members by Region

- Northern Ireland
- Scotland
- North East
- Yorkshire
- North West
- Wales
- West Midlands
- East Midlands
- East of England
- London
- South East
- South West
- Islands



## Quick Facts

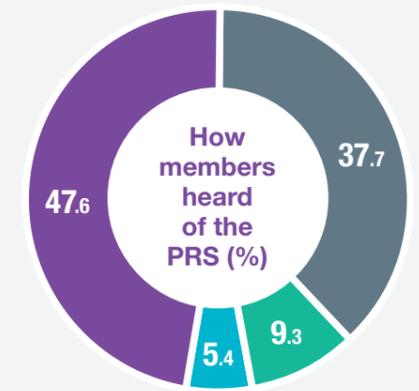
### 2017 Quick Facts

**6,787** Agent offices signed up

**39%** Registered for sales  
**71%** Registered for lettings

**70%** Registered for property management  
**82%** Members signed up for Entry Model

\* UKALA Members: 483



- Internet
- Press Article
- Advert
- Other

### 2016 Quick Facts

**5,259** Agent offices signed up

**31%** Registered for sales  
**79%** Registered for lettings  
**76%** Registered for property management  
**82%** Members signed up for Entry Model

### 2015 Quick Facts

**3,941** Agent offices signed up

**31%** Registered for sales  
**80%** Registered for lettings  
**76%** Registered for property management  
**85%** Members signed up for Entry Model

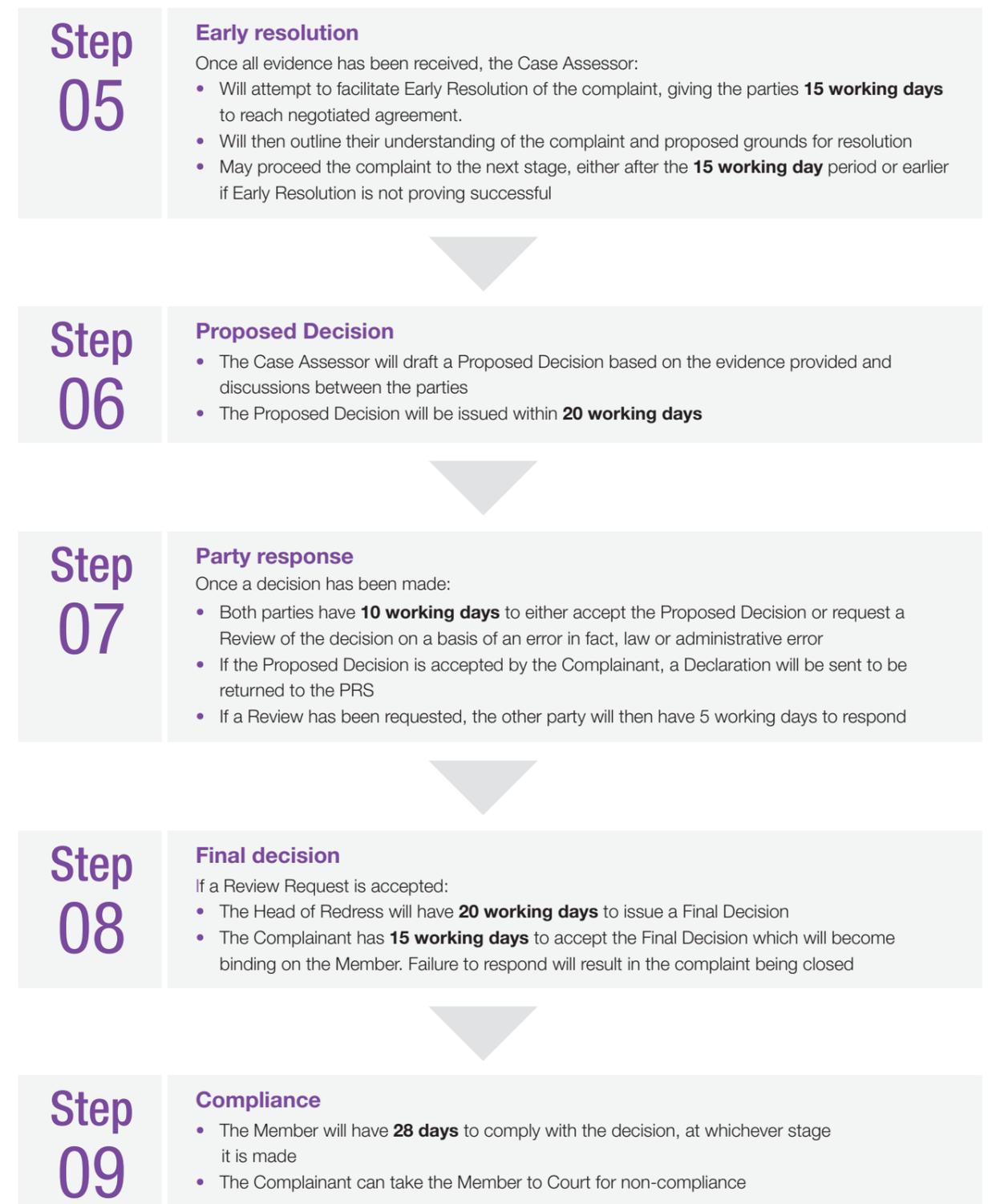
### 2014 Quick Facts

**2,506** Agent offices signed up

**31%** Registered for sales  
**79%** Registered for lettings  
**72%** Registered for property management  
**82%** Members signed up for Entry Model

# 04.

## The Complaints Process



For more information please refer to the PRS Conditions of Complaints

# 05.

## Case Studies

### Case Study One - Poor Service

#### Key Topics

**Failure to act in the Complainant landlords' best interests, non-protection of deposit, lack of communication and documentation.**

**Award:**

**£200**

**for distress and inconvenience**

#### Case Details

The Complainant asserts that:

- She was not informed the management of the property had been transferred to a new agent and no new agreement was ever put in place
- The deposit of £500 was paid to the original agent but was not protected with one of the government schemes
- As no inventory or regular property inspections were carried out, their prospect of claiming for damages and missing items is restricted.

The agent submits that:

- All protocols were followed and they are not liable to pay any compensation;
- They were not managing the property at the start of the tenancy and therefore were not responsible for the deposit protection or carrying out the inventory.

#### Evidence

Emails, Receipt for deposit, Letter of employment.

#### Decision:

- While the Agent had taken over the business and tenancies from the original agent, who was now employed by the Agent, there was email evidence between the Agent and Complainant assuring a continuity of service
- The Complainant was informed by email of the change of ownership; however told there was 'nothing further to do'
- The new Agent was unable to provide any evidence that a new management agreement was put in place and the Complainant was therefore entitled to believe the original terms prevailed
- The evidence demonstrates little contact between Agent and Complainant until the latter part of the tenancy
- The Agent could not be held liable for the failings of the original agent in the preparation of an inventory and protecting the deposit; however the delay and poor handling of the relationship, and lack of communication had prejudiced the Complainant's position at the end of tenancy, and for which the Agent had continued taking commission
- The agent also failed to demonstrate good standards of practice by failing to carry out regular property inspections as written in the management agreement.

#### Case Assessor decided the complainant was entitled to:

- Compensation for stress and inconvenience.

#### Key points from the case:

- To keep landlords informed of any relevant changes
- Agent's duty to carry out all tasks with due diligence.

#### For more information please refer to:

CMA guidance for lettings professionals on consumer protection law.

### Case Study Two - Misleading Information

#### Key Topics

**Misleading information, Property Sales, Disclosure of information.**

**Award:**

**£864.30**

#### Case Details

- The Complainant was a first time buyer who put in an offer for a property that was accepted, so she proceeded to instruct a solicitor and mortgage advisor.
- The Complainant's solicitor subsequently discovered that the 'seller' did not have the legal right to sell the property being a beneficial owner only and not the registered owner.
- The Agent subsequently avoided telephone calls, the only response being that this was a temporary glitch which would be sorted at which point it transpired the property was owned by a friend of the agent.
- The Complainant was then forced to withdraw from the purchase.
- The Agent submitted they were instructed by the beneficial owner
- The Deed of Trust offered no assurance that the beneficial owner was allowed to sell the property.
- The Agent did not respond to the other assertions made by the Complainant.

#### Evidence

Solicitors' invoice, Financial advice invoice, Land Registry documents, Deed of Trust, Emails, Letters.

#### Decision:

- Due to the Agent's failure to act with due diligence in relation to establishing the rightful ownership of the property, the Complainant incurred solicitors' costs which could have been avoided had the full facts been established and disclosed earlier.
- The Agent was not responsible for the costs incurred by the Complainant for advice as this was the Complainant's choice.
- Without special consent from the owner the Deed of Trust offered no assurance that the beneficial owner was allowed to sell the property.

#### Case Assessor decided the complainant was entitled to:

- Compensation for the solicitors' fees incurred

#### Key points from the case:

- Agent's duty to carry out all tasks with due diligence
- Provide requested information in a reasonable time



# 06.

## ADR Regulations Reporting Period: 1st October 2016 to 30th September 2017

On 16th September 2015, The Property Redress Scheme has 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.

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.

### Overview

The PRS has been in operation since the summer of 2014, enabling lettings and Property management agents to comply with their legal requirement to join a redress scheme under the Enterprise and Regulatory Reform Act 2013. Authorisation was obtained from NTSEAT to offer redress to estate agents under the Consumers, Estate Agents and Redress Act 2007.

Over the last two year the PRS has been active in resolving complaints made against Property professionals. Initially all of our complaint handling processes were manual, however, in October 2016 we launched an online system whereby complainants could raise their complaint direct to us and provide all required information and evidence. The system allows our case assessors to liaise directly with the parties to the complaint, and further allow members of the scheme to view the details of the complaint including evidence, and respond through the system accordingly.

Our complaint process was enhanced for the year beginning December 2016 to improve the experience of the consumer. The process now allows for a prescribed period of early resolution whereby our case assessors will attempt to facilitate resolution of the complaint without

the need for progressing to formal decision. After the time for early resolution, a complaint will proceed to proposed decision stage with full reasoning which is put to the parties to accept. Should either party not accept the decision they have the option of requesting a final review conducted by our Head of Redress.

The period December 2016 to November 2017 saw an increase of 62% in the number of complaints raised through the Scheme, which shows the increased awareness and presence of the scheme in the marketplace.

### Types of disputes raised

The disputes received by the Scheme will generally involve more than one issues or head of complaint, for example a complainant may complain about the service received as well as something more specific such as a fee that was charged. During the reporting period, the majority of disputes (15%) included issues concerning the service received from the property professional and the way in which an initial complaint was handled. The next most common complaint reasons were for a member breaching their duty of care (12%), fees and charges that were applied (12%), the management of the tenancy or relationship (12%) and holding deposits (11%).

No one specific issue stood out in any of the areas of complaints we deal with.

We put three new case studies up on our website during the period. These were quarterly inspections, misleading omissions and how to deal with a leaking roof.

### ADR Network

The Property Redress Scheme is not part of a network of ADR entities facilitating resolution of cross border disputes. ●

## ADR Regulations Statistics 1st October 2016 to 30th September 2017

	Sales	Lettings	Residential Leasehold Management	Other (Inventory Management Company)	Cosmetic Redress
<b>Disputes Received</b>					
Domestic disputes received	38	448	30	44	0
Cross border disputes received	0	0	0	0	0

<b>Disputes Rejected</b>					
a) No formal complaint raised with trader	0	10	1	0	0
b) Frivolous or vexatious/unsupported complaint	0	2	0	1	0
c) Dispute being/more appropriate for it to be considered elsewhere (e.g. court)	2	18	4	3	0
d) Claim value over £25,000	0	1	0	1	0
e) Not referred within 12 months	0	0	0	0	0
f) Dispute would impair effective operation	0	0	0	0	0

<b>Percentage of cases discontinued for operations reasons (out of Scheme's remit)</b>					
	8%	5%	10%	9%	-

<b>Average time taken (days) to resolve</b>					
Domestic disputes	49	67	59	42	-
Cross border disputes	0	0	0	0	-

<b>Rate of compliance with Ombudsman decisions</b>					
	75%	89%	66%	-	-

# 07.

## DCLG Statistics 1st July 2016 to 30th June 2017

<b>Membership numbers</b>	
Letting Agents	4,598
Property Management Agents	4,540
Other (Sales etc.)	2,524
* Figures include Agents declaring working in both/all Lettings, Management and Sales, as well as those operating in only Lettings, Management or Sales	
<b>Members expelled during the year</b>	
Letting Agents	14
Property Management Agents	13
<b>Summary of how cases were dealt with</b>	
Formal Review	38
Mediation/Proposed Decision	148
<b>Average time taken from complaint to case closed</b>	
Lettings, Management, Other	75 days
<b>Average time taken from evidence submission to case closed</b>	
Lettings, Management, Other	67 days
<b>Financial compensation</b>	
£1 - 99	2
£100 - 499	35
£500 - 999	14
£1,000 - 2,999	13
Above £1,000	11
<b>New cases received</b>	
Lettings	504
Property Management	35
Other	118
<b>Closed lettings cases</b>	
By decision	148
Early resolution	29
Not supported	3
<b>Closed property management cases</b>	
By decision	6
Early resolution	0

## Breakdown of complaint issues by topic

General communication	28
Duty of care	66
Record keeping	7
Conflict of interest	7
Viewings / Access to Premises	13
Marketing / Advertising	12
Contract issues - Terms of Business	12
Contract issues - Tenancy Agreement	49
Fees & charges	67
Termination of contract	20
Offers	1
Rent collection	57
Referencing	10
Inventory / Schedule of condition	12
Inspections	5
Termination of tenancy	18
Holding deposit	62
Security / Tenancy deposit	63
Management	66
Poor service / Complaint handling	88
Vulnerable consumer	2
Clients Money	17
Other - please state	60

# 08.

## Expelled Members List

This list contains details of all of the Property Redress Scheme members that have been expelled from the scheme this year, due to non-compliance with a decision made by the Head of Redress and failing to adhere to our Terms of Reference. The full list of expelled members is available on our website.

<b>Home Solutions Incs</b> 676 Green Lane, Ilford, Essex, IG3 9RX	Expelled 20/12/2016
<b>Corp Connections</b> 5 Harbour Exchange, Canary Wharf, London, E14 8BU	Expelled 20/12/2016
<b>Shepherd Direct Estates Limited</b> 3 Brindley Place, Birmingham, B1 2JB	Expelled 20/12/2016
<b>Witney Properties Limited</b> 10A Corndell Gardens, Witney, OX28 4DF	Expelled 21/12/2016
<b>JF Docklands</b> Unit 4a, 350 The Highway, London, E1W 3HU	Expelled 06/02/2017
<b>Mulberry Lettings Limited</b> 275 High Street, Birmingham, B17 9QH	Expelled 21/02/2017
<b>Ignite Properties</b> 44a High Street, Leamington Spa, CV31 1LW	Expelled 21/02/2017 <i>(Re-instated 10th March 2017)</i>
<b>Heaven Homes Estate Ltd</b> 378 Ilford Lane, Ilford, IG1 2LZ	Expelled 21/02/2017
<b>Euro Rent</b> 214 Narborough Road, Leicester, LE3 2AN	Expelled 6th April 2017
<b>Hounslow Letting (UK) Ltd</b> 410 Hanworth Road, Hounslow, TW3 3SN	Expelled 19th April 2017
<b>Chissick Estates Ltd</b> 4 Carlton Drive, Barkingside, Ilford, Essex, IG6 1LU	Expelled 26th April 2017 <i>(Re-instated 11th May 2017)</i>
<b>Bungle Bugs Ltd</b> 89A High Street, Yarm, TS15 9BG	Expelled 27th April 2017
<b>Joseph Earnshaw Ltd</b> 3 Hardman Square, Spinningfields, Manchester, M3 3EB	Expelled 4th May 2017
<b>JR Real Estate Limited</b> 26-28 New Union Street, Coventry, CV1 2HN	Expelled 5th May 2017
<b>Somewhere Like Home UK Limited</b> 6 Greenwich Quay, Clarence Road, Greenwich, London, SE8 3EY	Expelled 29th June 2017
<b>Active London</b> 17 Banbury Road, London, E17 5SY	Expelled 23rd August 2017
<b>Charles Downing Lettings Ltd</b> 365 Camden Street, Birmingham, B18 7NY	Expelled 16th October 2017

# 09.

## Charity Highlights

Last year, the Property Redress Scheme supported the New Horizon Youth Centre as its charity of the year. The Centre has supported the vulnerable and homeless for over 50 years and helps young people move from adolescence to adulthood enabling them to improve their life skills and knowledge.

Alongside the initial £5,000 the PRS gives to its charity of the year, an additional £485 was raised for the centre. A Secret Cinema night was hosted with staff, family and friends of the Scheme attending a film night aimed at raising as much money as possible to donate and support the cause.

In April, employees dressed-down twice for Red Nose Day (£141) and Mind (£200), the mental health charity, and again in June for Noah's Ark Children's Hospice (£400).

During the festive season, we raised a further £272 while donning Christmas jumpers for Save the Children.

In previous years, the PRS has supported Crisis, offering its annual £5,000 donation in 2016. Crisis is the national charity for homeless people offering free classes, services and support. The Crisis Renting Ready Project is a course that helps to prepare people that were previously homeless for renting a home.

### PRS Charity of the Year - Agents Giving

Agents Giving works with Estate and Letting Agents and their suppliers across the UK to encourage and support their fundraising activities. The charity provides funds to cover the costs of agents fundraising enabling all the money



Tim Frome and Sean Hooker from the PRS, present 2015's Annual Report Charity of the Year, Crisis, with a £5,000 donation

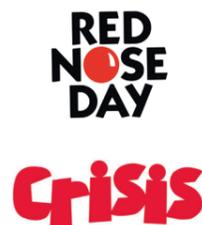
raised to go directly to the charities that agents choose to support.

In addition, Agents Giving provides fundraising advice and generates publicity to highlight the vast number of charitable activities estate and lettings agents get involved with. The charity has supported causes such as Macmillan Cancer Support, Help for Heroes and the British Heart Foundation as well as nearly 40 others.

Peter Knight, co-Founder and Chair of Agents Giving comments: "We are delighted to have the support of the Property Redress Scheme and their generous donation will be added to our support grant fund which will assist with fundraising over £1million this year as we did last year.

The Property Redress Scheme will support the efforts of Agents Giving over the next 12 months with initiatives aimed at raising greater awareness of the work done by the charity. The PRS has also made an initial donation of £5,000 to the charity.

More information about Agents Giving can be found on their website: [agentsgiving.org](http://agentsgiving.org)



# 10.

## Accounts

### Profit & Loss Account

for the year ending 30th November 2017

Turnover	788,574
Administrative expenses	<u>(787,209)</u>
Profit on ordinary activities before taxation	1,365

### Balance Sheet

for the year ending 30th November 2017

Current assets	6,739
Debtors	<u>390,845</u>
Cash at bank	397,584
Creditors	(275,692)
Total assets less current liabilities	121,892
<b>Capital &amp; reserves</b>	
Called up share capital	100
Profit & loss	<u>121,792</u>
<b>Total equity</b>	<b><u>121,892</u></b>

\* Includes £5,000 donation to PRS Charity of the Year.

### Profit & Loss Account

for the year ending 30th November 2016

Turnover	642,217
Administrative expenses	<u>(595,223)</u>
Profit on ordinary activities before taxation	46,994

### Balance Sheet

for the year ending 30th November 2016

Current assets	2,818
Debtors	<u>257,278</u>
Cash at bank	260,096
Creditors	(139,567)
Total assets less current liabilities	120,529
<b>Capital &amp; reserves</b>	
Called up share capital	100
Profit & loss	<u>120,428</u>
<b>Total equity</b>	<b><u>120,528</u></b>

\* Includes £5,000 donation to PRS Charity of the Year.

# 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 fee (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)

You will receive access to our legal helpline which includes general advice from Irwin Mitchell, in association with ArcLegal & specialist landlord and tenant advice from Landlord Action.

\*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 £105 (plus VAT) per application (head office) +
- From £105 (plus VAT) per branch

For example, if you have a head office and 2 branches that will require 3 subscriptions (£315 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.



Joining the Property Redress Scheme was a very easy and straightforward process. I liked that they have two membership models as this showed that they had undertaken some research and understood different agents have different requirements. Since becoming a member we have had a couple of issues that required some assistance from the PRS and they were able to resolve the matter to all parties' satisfaction without the need for a full decision. I would recommend that any letting or estate agent who is considering switching redress scheme join the PRS.

*Alex Clayton, Lettings Director of Philip Alexander*



Since JAC Strattons switched our consumer redress scheme to PRS, we have been very happy with their professional conduct. Their case assessors are very approachable and experienced in dealing with any complaint raised. We highly recommend any Property Industry professional to join the PRS.

*Hikaru Uchida Managing Director of JAC Strattons*



We at VeriSmart Inventories chose to enrol ourselves in the Property Redress Scheme in order to be aligned with the highest service standards in the industry which in turn gives us peace of mind that we are doing things right.

*Jonathan Senior, Managing Director of Verismart Inventories*

# 11.

## Consultations and a View from Westminster



It's safe to say that 2017 dealt the industry a fair amount of legislative change – and it appears 2018 will be no different. In the first two months we've already seen housing and property continue to be a major part of the news-cycle.

### Consultations

Independent review of building regulations and fire safety

Universal credit experiment statistics: future developments

Planning for the right homes in the right places

An inspection of 'right to rent'

Call for evidence on the green deal framework

Protecting consumers in the letting and managing agent market

Homelessness code of guidance for local authorities

Mandatory client money protection schemes for property agents

Future role of alternative dispute resolution

Improving the home buying and selling process

Clean growth strategy

Cost of energy review

Review of the smoke and carbon monoxide (England regulations)

Building a market for energy efficiency

Breathing space

### Ministerial Reshuffle

Let us start with the headline act first and as part of the much-anticipated ministerial reshuffle by the Prime Minister, two significant changes stood out from the industry's perspective.

The first, you could argue is cosmetic, however it may prove to be a game-changer. Sajid Javid MP kept his job, however his title was changed to include the word 'Housing'. Javid, who was and remains a Cabinet Minister is now Secretary of State for Housing, Communities and Local Government. This reflects the Prime Minister's recognition that housing is a top priority issue and, unlike the past, should be reflected at the Government's highest level. The likelihood is that the Minister will become more directly involved in the changes in the pipeline.

The second significant announcement was that the current Housing Minister, Alok Sharma MP, has vacated his job and been replaced by Dominic Raab MP. This change appears strange in its timing but maybe not a surprise given that Government goes through Housing Ministers quicker than the Australian Cricket team went through the English batting order in the Ashes last winter.

Raab formerly at the Ministry of Justice, now takes on the responsibility of delivering the promises of fixing the housing market and delivering on the Government's commitments.

### Banning Orders, HMOs and Rogue Landlords

He will need to ensure that the changes to Banning Orders and the setting up of a Rogue Landlord and Letting Agent database are smoothly implemented. These were announced at the end of 2017 and are promised to be in place by April.

Changes also have been announced to the criteria for what constitutes a large HMO and this will mean that up to 160,000 additional properties will need to apply for a licence to operate. There will be a transition period for landlords and agents, but this is another thing to put on your radar.

### The Tenant Fee Ban

Parliament has also begun the process of moving the tenant fee ban into legislation. The Draft Tenant Fees Bill Inquiry commenced last week, with the first oral evidence being taken. The call for submissions, at the end of last year, attracted a huge number of responses.

I was also interested to see that there was a Westminster Hall debate held last week to discuss the effect of Universal Credit on the Private Rented Sector.

The debate called by Stephen Lloyd MP wanted to address the impact on direct payments of housing benefit to landlords and agents as the benefit is rolled out. As housing benefit will be effectively abolished and given the well-publicised, teething problems with Universal Credit, this appears to have had a huge impact on the sector and this has led to the Government announcing changes in the last budget to alleviate the effects.

### Universal Credit

From April 2018, claimants already receiving housing benefit can keep on doing so for two weeks after their Universal Credit claim, which the Government hope should make it easier to cover the rent in the transition period.

In the debate it was pointed out that evidence is emerging to show that confidence in Universal Credit is low and that fears are that the market is retreating from renting to benefit tenants.

Statistics from the NLA surveys state that one in five of their members are considering not renting to tenants on Universal Credit, the RLA's findings are even more stark with 73% of respondents to their survey having a lack confidence in UC tenants and 87% not being willing to rent to them.

The number of evictions have rapidly increased with over a third of landlords stating they have experienced rent arrears directly due to the problems with Universal Credit. ARLA agents claim they are experiencing a 34% reduction in landlords willing to rent to benefit tenants and a Crisis survey, of local authorities, reported that 90% feared that this retreat of the private rented sector would lead to significant increases in homelessness.

It is interesting that in Northern Ireland, where they have refused to abolish direct payments of housing benefit, the incidents of arrears in this sector is almost non-existent and the private renting to claimants is increasing. At the end of the debate the Government promised to monitor and assess this issue, although they remain firmly committed to the implementation.

So an action packed start to the year and a lot to absorb for you and your business.

*This is an excerpt from Sean Hooker's blog 'A Year of Change – what can we expect from 2018?' Sean regularly blogs for theprs.co.uk*

## 12.

## Spotlight on Client Money Protection

Based on 2017 consultations, mandatory client money protection is imminent and it's something we get a lot of questions about. So, here are some answers to some frequently asked client money protection questions.

**So what exactly is Client Money Protection?**

As a concept, client money protection is very simple. It is an additional layer of protection for money you hold on behalf of your landlord clients and their tenants. With client money protection in place your landlords and tenants can rest assured in the knowledge their rent monies, holding deposits, maintenance funds or, indeed, any other money you hold on their behalf can be recovered, at least in part, should your business experience any difficulties in the future. Typically, client money protection will come in the form of an insurance or pooled funds to cover the losses of clients' money.

**But isn't that why we have a segregated client account?**

Well, yes but only to a certain extent. A segregated client account is an extremely important element of any business offering client services and should always be in place for any professional and well-run letting agent. A segregated client account will mean that, should your business ever be liquidated - voluntarily or otherwise, the client monies you hold will not be taken into account as it is not the business' money.

However, what makes client money protection such a valuable layer of protection is the fact it protects your clients' money from any misappropriation or wrongdoing by directors, owners and staff of the business. Everyone has heard horror stories of businesses, letting agents or otherwise, paying their staff or expenses out of the client money account. This is exactly the sort of problem client money protection is in place to protect consumers against.

**Client Money Protection isn't mandatory yet, so why should I get it now?**

Besides getting all your ducks in a row early (there will be a mad rush, CMP requires rigorous checks so do not leave it to the last minute!) client money protection can be a great USP to your business. Many industries already have compulsory CMP - for example, solicitors firms or travel agencies - and your clients may take for granted the safety of their money.

Just by explaining to prospective clients the necessity of this protection and the fact your competitors may not have it in place is sure to win over a new landlord client. If you can educate the landlords that walk into your office and help them make an informed choice you'll build further trust and rapport. You want your landlords wondering why on earth your competitors on the high-street wouldn't have client money protection in place.

**Client Money Protection sounds like a good idea then! Where can I get it?**

Traditionally, trade bodies such as ARLA, NALS, RICS and UKALA were the only suppliers of CMP.

In order to gain this valuable added layer of protection for your clients, you had to choose a trade body and meet their joining criteria, pay their membership fee and only then would you be eligible to gain CMP.

From there, you are required to purchase their CMP insurance or pay into their shared pool of funds, which is either part of the membership cost or a separate premium or levy.

Should you wish to leave the trade body for whatever reason you are faced with also leaving their CMP scheme and losing this important consumer protection for your customers.

**I don't want to join a trade body though. Isn't there another way?**

Yes, there is. Client Money Protect offers a simple way to gain client money protection without having to join a trade body.

Client Money Protect is a membership scheme that focuses purely on protecting client money. In the event of a claim, your landlord/tenant contacts Client Money Protect and we deal directly with them, reimbursing their losses where appropriate. Client Money Protect does not sell individual insurance policies. By being a member of Client Money Protect your clients obtain this important protection and the Scheme is insured against its liability to pay claims where agreed.

The vast majority of letting agents qualify for our standard, flat membership fee of £299 + VAT. However, if business is going well and you hold over £500,000 in client money in your bank account then we can put together a tailored package for you.

The only requirements Client Money Protect stipulates is proof of the following:

- A segregated client money bank account
- Professional indemnity insurance
- Membership of one of the three property redress schemes. ●



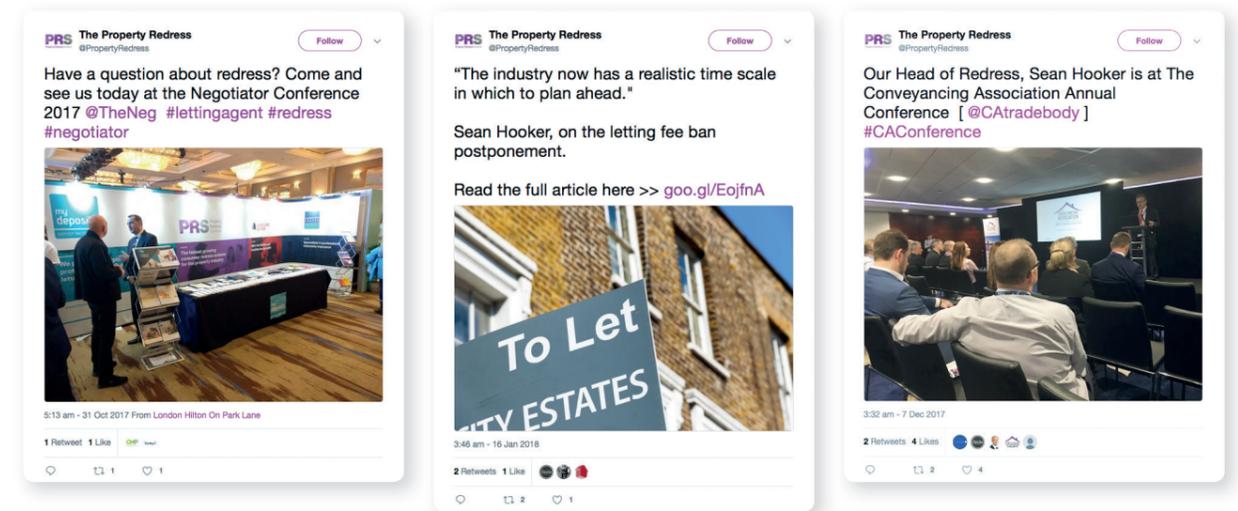
Client Money Protect is the official CMP partner of the Property Redress Scheme and all members can benefit from a 10% discount with CMP.

# 13.

## The PRS Online

If you want to keep up with legislative changes, our key people and their movements or just general information on the sector, then follow us on Twitter **@propertyredress**

On our website you can find FAQs, blogs from our Head of Redress, Sean Hooker and all your PRS news. Just head to **theprs.co.uk** to find everything you need to know about the Scheme.



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