

Introduction of a Land Registry service delivery company consultation A response by the BSA

About the Building Societies Association

1. The Building Societies Association (BSA) represents mutual lenders and deposit takers in the UK including all 45 UK building societies. Mutual lenders and deposit takers have total assets of over £330 billion and, together with their subsidiaries, hold residential mortgages of over £230 billion, 18% of the total outstanding in the UK. They hold over £230 billion of retail deposits, accounting for 19% of all such deposits in the UK. Mutual deposit takers account for over 30% of cash ISA balances. They employ approximately 39,000 full and part-time staff and operate through approximately 1,600 branches.

Key points

2. We disagree with the proposal within the consultation to transfer the functions of the Land Registry to a service delivery company. The current land registration system works well and the consultation does not make a sufficient case for any advantages of transferring registration to a private company. The accuracy of, and confidence in the Land Register is vital to the confidence of the property market. Privatising the land registration function opens the potential for fraud, increasing fees and conflicts of interest we would oppose moving this function away from the civil service.

Consultation questions

Do you agree that by creating a more delivery-focused organisation at arms length from Government, Land Registry would be able to carry out its operations more efficiently and effectively for its customers?

3. We do not agree with the proposals to create a delivery-focused organisation at arms length to Government. Fundamentally, there is no problem to solve which would warrant the privatisation of the land registration function. The current service carried out by Land Registry is effective and timely and so we do not believe that the consumer, the property industry or government would benefit substantially from creating a land registry service delivery company.

4. The registration of land is one of the oldest functions of English law and registration by the state has stood the test of time. The confidence in the ability to effectively register land, and the state guarantee which backs the registration process is an essential component in the confidence in the UK property system. Moving away from state registration of land to a commercial system would inevitably create adverse commercial pressure and conflicts of interest that would be detrimental to the property market in England and Wales.

5. There are a number of details not included within the consultation, specifically what the timescales would be for transferring the functions to the new service delivery company. We believe that in addition to taking some time, the transfer of functions would come at some considerable cost. The consultation states that "the proposals outlined in this document would have a very limited impact on customers" but does not expand on what this impact on the consumer might be. Without knowing more details on the likely changes to how consumers would interact with the service delivery company, it is impossible to determine whether the change would be sufficient to meet lenders' needs.

6. The consultation states that the service delivery company would become the first point of contact for the customer, however there is a great deal of corporate knowledge within Land Registry, which lenders have established routes in to and it would be burdensome to start afresh with a new organisation.

Do you agree that the OLCR should retain exclusive responsibility for the functions set out in paragraph 49? Are there additional functions that should be retained in the OCLR?

7. We believe Land Registry should retain all functions. The transfer of the proposed functions could have a significant negative effect on consumers and industry and we strongly disagree with the statement that the proposals would have a very limited impact on consumers. Although Government would have the responsibility to take back delivery responsibility should the company fail to fulfil the terms of the service contract, not timescale is provided within which this would happen and we would anticipate this taking some considerable amount of time.

What are your views in respect of the proposals for shared functions set out in paragraphs 50-51?

8. The proposal to share certain functions between the Land Registry and service delivery company is flawed and could result in a lack of clarity over which organisation has ultimate responsibility for certain functions, and in the case of dealing with claims and complaints there is the potential for significant conflicts of interest.

What are your views on the proposed approach to service deliver company functions in paragraph 52?

9. We believe the functions should be retained by Land Registry. The consultation does not set out what the advantages to customers and to industry would be of the proposed changes to Land Registry and we see no sufficient case to alter the current arrangements.

Do you agree that the overall design provides the right checks and balances to protect the integrity of the Registry and safeguard the provision of indemnities and state title guarantee? Would you be confident with non-civil servants processing land registration provided they do so within the framework set out by the OLCR through the service delivery contract?

10. The fact that land registration will no longer be independent and will be provided by a company is a matter of concern to mortgage lenders and the property industry. The consultation refers to very limited check and balances and we do not consider these to be sufficient to maintain confidence in the system.

The Data Protection Act would protect personal data that is provided to the service deliver company? Would you like to see any protections beyond this?

11. The Land Registry is subject to an exemption from data protection legislation and is prevented from selling information held. We believe a move to a service delivery company could result in a decrease in protection of consumers' data and a increase in the potential for property fraud.

Do you think there is a difference between the opportunities and risks depending on whether operational control over the service delivery company is entrusted to Government or a private sector company? Do you think there is a difference between the opportunities or risks depending on whether the service delivery company is owned by the Government or a private sector company or both?

12. A primary risk would be maintaining the accuracy of the Land Registry should operational control be divested to a service delivery company. The consequences of

inaccuracies within the Land Register would be nothing short of disastrous to consumers, mortgage lenders and the economy. The risk of inaccuracies, delays in registration and rises in fees is greater with should registration be undertaken by the service delivery company, irrespective of its ownership. Land Registry holds an enormous repository of sensitive data and there is a much greater risk of fraud should this data be handled outside of government.

What do you think are the constraints and dependencies for Land Registry's successful delivery of the business strategy?

13. The Land Registry's business strategy is not included within the consultation.

Further information and contact

14. This response has been prepared in consultation with BSA members. If you have any queries regarding the document, please contact colette.best@bsa.org.uk.