

Summary of Undertaking

Part 8 of the Enterprise Act 2002 (EA02)

Summary of undertaking provided to the Competition and Markets Authority (CMA) Under Section 219 of the EA02 relating to: The unfair terms in consumer contracts regulations 1999 (UTCCRs) Part 2 of the Consumer Rights Act 2015 (CRA) Consumer protection from unfair trading regulations 2008 (CPRs)

Each Corporate Entity listed at Annex A to the Undertaking (“**Corporate Entity**” or “**Corporate Entities**”) has fully co-operated and constructively engaged with the Competition and Markets Authority (the “**CMA**”). Whilst each Corporate Entity makes no admissions, express or implied, to any breaches of the law, each Corporate Entity has voluntarily provided the following undertaking to the CMA pursuant to section 219 of the EA02, in response to the CMA’s consumer law investigation into the residential care homes (for the elderly) sector (the “**Undertaking**”).

Undertaking

Definitions

1. For the purpose of the Undertaking:
 - (a) **Community Fee** refers to a one-off charge or fee, which is charged to a consumer (and/or those acting on their behalf), at any time prior to or after moving into a Sunrise Community and which is described as one that *“covers the cost of maintaining the extensive communal areas in the community, which include the lounges, dining rooms and bistro, activity rooms, sunrooms, garden and other outdoor areas such as porches etc.”*
 - (b) **Relevant Terms or Relevant Consumer Notices** refer to the following:
 - (i) The term or notice in the Sunrise Resident Agreements, which provides that:
 - *“6.4.1 On or before the date of this Agreement the Resident shall pay to Sunrise the Community Fee.*

- 6.4.2 In so far as the Resident has previously paid a Community Fee in respect of his/her occupation of an alternative suite the Resident shall only be obliged to pay the difference between the Community Fee for the Suite and the fee previously paid.
- 6.4.3 In the event the Resident gives notice to terminate this Agreement within 30 days of the Date of Occupation, a proportionate amount of the Community Fee will be refunded to the Resident based on the number of days remaining in the 30 day period beginning on the Date of Occupation.
- 6.4.4 In the event of the Resident's death within 30 days of the Date of Occupation, the entire Community Fee will be refunded to the Resident".

- (ii) The term or notice in the Sunrise Senior Living Assisted Living Cost Overview document, and any other such documents, which provide that:

"The Community Fee (One Time Charge) covers the cost of maintaining the extensive communal areas in the community, which include the lounges, dining rooms and bistro, activity rooms, sunrooms, garden and other outdoor areas such as porches etc."

- (iii) The term or notice in the Sunrise Community Fee Receipt, which provides:

"Thank you for your payment of the Community Fee in the amount £
Refunds are subject to the following terms and conditions:

1. The undersigned will receive a full refund of the Community Fee if the resident is prevented from moving into Sunrise. Final acceptance of the resident is dependent upon Sunrise's review of the Doctor's Report and an assessment by the Wellness Services Manager.
2. In the event the resident gives notice and leaves Sunrise within 30 days of move-in, a partial refund will be given on a pro-rata basis determined by, on the date move out occurs, the number of days remaining of that 30 day period.

3. If for any reason, the resident gives notice to leave Sunrise more than 30 days following move-in, no Community fee refund will be given.
4. Residents are required to move into Sunrise within 30 days following the payment of the Community Fee. Payment of the daily suite rate will commence on 31st day or on the date of occupancy whichever comes first.
5. If the Sunrise community is not officially open (for example, under construction) at the time the Community Fee payment is made, residents are required to move into Sunrise within 30 days of the official opening date. This date will be confirmed to the resident and/or responsible party as soon as it is known by Sunrise. Any alternative schedule for move-in must be agreed upon by both Sunrise and the resident and/or responsible party.”

Such terms or notices are contained in the documents at Schedule 1 of the Undertaking.

- (c) **Care Home/Community or Care Homes/Communities** refers to a business which provides residential accommodation together with nursing or personal care to the elderly within the United Kingdom.
- (d) **Sunrise Community or Sunrise Communities** refers to a Care Home or Care Homes operating within the UK under the Sunrise Senior Living and/or Sunrise brand¹.
- (e) **Sunrise Resident Agreement or Sunrise Resident Agreements** refers to the standard-form resident agreements used by Sunrise Communities. A copy of all such agreements is included in Schedule 1 of the Undertaking.
- (f) **Sunrise Self-funded Resident** refers to a Sunrise Community resident (and/or, as appropriate, those legally entitled to act on their behalf) who, save for any Funded Nursing Care Contribution, receives no other public funding towards the payment of their accommodation services fee and/or care services fee.
- (g) **Permanent resident** refers to a resident who resides in a Care Home/Community on a long-term basis and/or, as appropriate, any

¹ A list of the legal entities currently operating such care homes at the date of the Undertaking is set out at Schedule 2 to the Undertaking.

individual acting on their behalf and Permanent Residency is to be interpreted consistently with this.

- (h) **Attorney** refers to a person who has the legal authority to make decisions over the donor's property and financial affairs by virtue of a valid legal document such as a Lasting Power of Attorney.

The Undertaking

Community Fee and any Similar Fee

2. In accordance with section 219(4) of the EA02, each Corporate Entity undertakes to the CMA not to continue or repeat the conduct which is set out at paragraphs 2 (a) to (f) and 3 below, not to engage in such conduct in the course of its business or another business and not to consent to or connive in the carrying out of such conduct by a body corporate with which it has a special relationship (within the meaning of section 222(3) of the EA02):

(a) seeking from consumers (and/or those acting on their behalf), at any time prior to or after moving into a Care Home/Community, the payment of a one off Community Fee or any Similar Fee, howsoever named, which is a fee or charge (explicitly or implicitly) described or represented to consumers (and/or those acting on their behalf) as:

(i) covering any costs, expenditure and/or disbursements arising from, incurred by or related to, the maintenance, capital expenditure and/or use of communal areas of one or more Care Homes/Communities;

(ii) consideration for any pre-contract work or activity connected with the admission of one or more residents; and/or

(iii) a condition of a Care Home/Community allowing a consumer to proceed with the admission process for a place at a Care Home/Community, to take up their place of residency in a Care Home/Community or move into a Care Home/Community (as the case may be);

(b) receiving from consumers (and/or those acting on their behalf), at any time prior to or after moving into a Care Home/Community, the payment of a Community Fee or any Similar Fee (as defined in paragraph 2 (a) of the Undertaking);

(c) using or recommending for use on or after the date of the Undertaking any of the Relevant Consumer Notices and/or Relevant Terms in agreements concluded with consumers on or after the date of the Undertaking;

(d) using or recommending for use on or after the date of the Undertaking any other consumer notice and/or any other term in agreements, concluded with consumers on or after the date of the Undertaking, that

are of a similar kind or with a similar effect to any of the Relevant Consumer Notices or Relevant Terms namely which have the object or effect of requiring a consumer (and/or those acting on their behalf) to pay a Community Fee or any Similar Fee (as defined in paragraph 2(a) of the Undertaking);

- (e) enforcing, attempting to enforce or otherwise relying on any Relevant Consumer Notices provided or communicated before the date of the Undertaking and/or any Relevant Terms in agreements concluded with consumers before the date of the Undertaking;
- (f) enforcing, attempting to enforce or otherwise relying upon any other consumer notice provided or communicated before the date of the Undertaking and/or any other term in agreements concluded with consumers before the date of the Undertaking that are of a similar kind or with a similar effect to any of the Relevant Consumer Notices or Relevant Terms namely which have the object or effect of requiring a consumer (and/or those acting on their behalf) to pay a Community Fee or a Similar Fee (as defined in paragraph 2 (a) of the Undertaking).

Upfront Fees generally

- 3. In accordance with section 219(4) of the EA02 (as set out at paragraph 2 above) and subject to paragraphs 2 (a) to (f) above which prohibit the use of a Community Fee and/or Similar Fee, each Corporate Entity undertakes to the CMA not to seek from or charge a prospective Permanent Resident (and/or those acting on their behalf) any other charge or fee before the pre-contract care assessment is completed and a clear offer of a place at a Care Home/Community is made for Permanent Residency and accepted by them.

Scope of paragraphs 2 and 3 of the Undertaking

- 4. Nothing in the Undertaking prohibits the charging of the following fees or charges per se:
 - a) The accommodation services fee, the care services fee and/or the care and accommodation services fee, as defined in the Sunrise Resident Agreements, subject only to paragraph 3 of the Undertaking, which covers the timing of seeking or charging the payment of such fees.
 - b) Fees or charges made in relation to Respite Residents including but not limited to the Respite Deposit charged, as defined in the Respite Deposit receipt (a copy of which is included at Schedule 1) and the Respite Fee defined in the Sunrise Resident Agreements.

- c) Additional Services Fees as defined in the Sunrise Resident Agreements, subject to such fees being charged only as specified in the said Agreements, which includes payment of such fees being required during the performance of the said Agreements.
- d) Redecoration costs as referred to in the Sunrise Resident Agreements, subject to such costs being charged only as specified in the said Agreements, which includes payment of such costs being required at the termination of the said Agreements.

Nothing in the Undertaking is intended to prevent a Sunrise Community from amending the definition of such services or costs in its Resident Agreements from time to time, or otherwise amending its Resident Agreements from time to time, provided such amendment does not contravene the Undertaking.

Publication of CMA Consumer Law Compliance Advice

- 5. After the publication of the CMA's final consumer law compliance advice of 2018 for UK care home providers for the elderly, which will cover the charging of upfront payments and other charging and pricing practices in care homes, in whatever form, (the "Compliance Advice"), paragraphs 2 and 3 of the Undertaking will not be breached by a Corporate Entity to the extent that a Corporate Entity engages in practices and/or uses, recommends for use, enforces or otherwise relies on terms and/or consumer notices which are consistent with the Compliance Advice and not in any way contrary to the Compliance Advice. If guidance is not issued in 2018, a Corporate Entity or all of the Corporate Entities (collectively) will be at liberty to negotiate, in good faith, with the CMA a variation to the Undertaking.

Repayment Programme: Measures offering financial redress to consumers:

Without admitting any breaches of the law, the Corporate Entities undertake to:

- 6. Provide an offer to refund part of the Community Fee, which is to be calculated in line with paragraph 7 below, to any Sunrise Self-Funded Resident who paid it and who, on or after 1 October 2015, took up residency in a Care Home/Community listed at Schedule 3 and who either:
 - a) Before the date of the Undertaking died or for any reason moved out of such a Care Home/Community before the end of a period of 730 days, beginning with the day after s/he moved into the Care Home/Community or took up Permanent Residency; or
 - b) On or after the date of the Undertaking remains a resident but dies or for any reason moves out of such a Care Home/Community before the end of a period of 730 days, beginning with the day after s/he moved into the Care Home/Community or took up Permanent Residency.

7. Calculate the refunds of the Community Fee to those individuals referred to in paragraph 6 above on a pro rata basis of 730 days² using the following formula:

A - ((B/730) x A) = Refund Amount, where:

- a) A is the Net Community Fee, which is the Community Fee paid by the individual minus any amount refunded prior to the date of the Undertaking; and
 - b) B is the number of days the individual resided in a Care Home/Community listed in Schedule 3.
8. Within 30 days of the CMA's public announcement of the Undertaking:
- a) contact each individual (and/or those acting on their behalf) who falls within paragraph 6 (a) above, in order to make an offer to refund the Refund Amount, and if the offer is accepted make the appropriate refund within 30 days of acceptance.
 - b) to the extent any such individual is identified, contact any individual, (and/or those acting on their behalf) who paid the Community Fee on or after 1 October 2015 and who did not move into a Care Home/Community listed at Schedule 3 or did not take up Permanent Residency in such a care home but at the date of the Undertaking have not received a full refund of the Community Fee paid, in order to make an offer of a full refund of the Community Fee paid (minus any refunds made before the date of the Undertaking). If such an offer is accepted, make the refund payment within 30 days of such acceptance.
 - c) contact each individual (and/or those acting on their behalf) who moved into a Care home/Community listed at Schedule 3, on or after 1 October 2015 and who at this time was in receipt of NHS Continuing Healthcare, in order to make an offer of a full refund of the Community Fee paid (minus any refunds made before the date of the Undertaking). If such an offer is accepted, make the refund payment within 30 days of such acceptance.
9. For those individuals who fall within paragraph 6 (b) above, make an offer of redress, as determined pursuant to paragraph 7 of the Undertaking, to those individuals within 30 days of the individual's death or date when they leave the Care Home/Community for whatever reason and make the refund to those individuals within 30 days of acceptance of such redress.

² 730 days = 2 years.

10. Where an offer of financial redress is made pursuant to the Undertaking and the individual who is entitled to redress:
 - a) is still alive, make the offer of redress to that individual and/or to those acting on their behalf or to their lawfully appointed Attorney, as the case may be, and make any payment directly to the individual or their lawfully appointed Attorney, as appropriate.
 - b) has died, make the offer of redress and any payment to the lawfully authorised Personal Representative(s) of the deceased's estate.
11. When making any offer of redress pursuant to the Undertaking, use the wording (or wording that is materially similar to it) contained in Schedule 4.

Reporting requirements

12. Within 60 days of the date of the Undertaking, the Corporate Entities undertake to provide to the CMA:
 - a) a written list of all individuals who fall within paragraphs 6(a), 6(b), 8 (b) and 8 (c) of the Undertaking, identifying which of the four categories the individual falls in. The list will also detail:
 - i. the amount of refund payable for each individual listed;
 - ii. any individuals who have not been provided with an offer of redress in accordance with the Undertaking and include an explanation as to why they have not been so contacted and/or offered redress as the case may be;
 - iii. any individuals who have accepted an offer of redress;
 - iv. any individuals to whom redress has been given;
 - v. any individuals who have rejected an offer of redress; and
 - vi. any individuals who have been made an offer of redress but have not replied to such an offer.
 - b) a written overview of the procedures and measures that are in place and the action taken to ensure compliance with paragraphs 6 to 11 of the Undertaking.
13. Thereafter, until such time that the CMA is satisfied that all refunds of the Community Fee have been appropriately made in accordance with the Undertaking, the Corporate Entities undertake to provide a written report to

the CMA on the last business day of each month, to update the CMA on matters listed in paragraph 12 a) and b) above.

14. Until the CMA is reasonably satisfied that all measures to ensure that refunds to individuals have been duly made in accordance with the Undertaking, the Corporate Entities undertake to provide to the CMA any other information or documents in their possession or available to them which the CMA considers are necessary in order to determine compliance or otherwise with the redress provisions of the Undertaking within a reasonable time.
15. If there are any repayments outstanding pursuant to the Undertaking within two years and three months from the date of the Undertaking, the Corporate Entities undertake to make a payment of a sum equivalent to the total amounts outstanding in redress to an appropriate charity to be agreed with the CMA.

Fees after death

16. Further, in accordance with section 219(4) of the EA02 (as set out in paragraph 2 of the Undertaking) each Corporate Entity undertakes to the CMA, within 6 weeks after the date of the publication of the CMA's final consumer law compliance advice of 2018 for UK care home providers on the charging of fees after a resident's death ("the Fees After Death Compliance Advice"), not to use, recommend for use, attempt to enforce or enforce any terms in agreements with UK consumers which are inconsistent with the Fees After Death Compliance Advice, and not to engage in practices with UK consumers which are inconsistent with it.

ANNEX A – EACH CORPORATE ENTITY WHO IS PROVIDING THE UNDERTAKING TO THE CMA

1. Sunrise UK Operations Limited
2. Sunrise Operations Bagshot II Limited
3. Sunrise Operations Bramhall II Limited
4. Sunrise Operations Cardiff Limited
5. Sunrise Operations Esher Limited
6. Sunrise Operations Westbourne Limited
7. Sunrise Operations Weybridge Limited
8. Sunrise Operations Winchester Limited
9. WT UK OPCO 3 Limited
10. WT UK OPCO 2 Limited

Schedules

Schedule 1

The Sunrise Resident Agreements and other documents referred to in the Undertaking.

Schedule 2

A List of corporate entities providing residential accommodation together with nursing or personal care for the elderly under the 'Sunrise Senior Living' and/or 'Sunrise' brand in the UK at the date of the Undertaking

Schedule 3

List of corporate entities providing at the date of the Undertaking, or provided before the date of the Undertaking, residential accommodation together with nursing or personal care for the elderly, under the ‘Sunrise Senior Living’ and/or “Sunrise” brand in the UK on or after 1 October 2015

1. Sunrise UK Operations Limited
2. Sunrise Operations Bagshot II Limited
3. Sunrise Operations Banstead Limited (formerly operating Sunrise of Banstead)
4. Sunrise Operations Bassett Limited (formerly operating Sunrise of Bassett)
5. Sunrise Operations Beaconsfield Limited (formerly operating Sunrise of Beaconsfield)
6. Sunrise Operations Bramhall II Limited
7. Sunrise Operations Cardiff Limited
8. Sunrise Operations Chorleywood Limited (formerly operating Sunrise of Chorleywood)
9. Sunrise Operations Eastbourne Limited (formerly operating Sunrise of Eastbourne)
10. Sunrise Operations Edgbaston Limited (formerly operating Sunrise of Edgbaston)
11. Sunrise Operations Elstree Limited (formerly operating Sunrise of Elstree)
12. Sunrise Operations Esher Limited
13. Sunrise Operations Fleet Limited (formerly operating Sunrise of Fleet)
14. Sunrise Operations Guildford Limited (formerly operating Sunrise of Guildford)
15. Sunrise Operations Hale Barns Limited (formerly operating Sunrise of Hale Barns)
16. Sunrise Operations Purley Limited (formerly operating Sunrise of Purley)
17. Sunrise Operations Solihull Limited (formerly operating Sunrise of Solihull)
18. Sunrise Operations Sonning Limited (formerly operating Sunrise of Sonning)
19. Sunrise Operations Southbourne Limited (formerly operating Sunrise of Southbourne)
20. Sunrise Operations Tettenhall Limited (formerly operating Sunrise of Tettenhall)
21. Sunrise Operations V. W. Limited (formerly operating Sunrise of Virginia Water)
22. Sunrise Operations Westbourne Limited
23. Sunrise Operations Weybridge Limited
24. Sunrise Operations Winchester Limited
25. Sunrise Operations UK Limited (formerly operating Sunrise of Frognal House)
26. Sunrise Operations Knowle Limited now ‘WT UK OPCO 3 Limited’ (formerly operating Sunrise of Knowle³).
27. Sunrise Operations Sevenoaks Limited now ‘WT UK OPCO 2 Limited’ (formerly operating Sunrise of Sevenoaks⁴).

³ Sunrise of Knowle ceased to operate under “the Sunrise Senior Living” and/or “Sunrise” brand on 1 March 2016.

⁴ Sunrise of Sevenoaks ceased to operate under “the Sunrise Senior Living” and/or “Sunrise” brand on 21 December 2016.

Schedule 4

The letters and forms that will be used when making an offer of redress