

PART 8 OF THE ENTERPRISE ACT 2002 (EA02)

UNDERTAKINGS TO THE COMPETITION AND MARKETS AUTHORITY (CMA)  
UNDER SECTION 219 OF THE EA02 RELATING TO:

**CONSUMER PROTECTION FROM UNFAIR TRADING REGULATIONS 2008 (CPRs)**

**Persimmon PLC**, registered number 01818466 registered office Persimmon House, Fulford, York, YO19 4FE and its trading subsidiaries within the meaning of section 1159 of the Companies Act 2006 and any interconnected trading companies within the meaning of section 223(4) of the EA02 (Persimmon), voluntarily gives the following undertakings to the CMA under section 219 of the EA02 without any admission that it has infringed the law and having stated to the CMA that:

- (i) it does not routinely sell Leasehold houses. In the limited cases where Persimmon is required to sell Leasehold houses because of the land ownership structure, the Ground Rent is a peppercorn;
- (ii) since November 2020, it is Persimmon policy that the Ground Rents on all flats sold by Persimmon in new apartment blocks are a peppercorn;
- (iii) since the spring of 2017, it is Persimmon's policy that the Leases on all flats sold by Persimmon have a term of 999 years;
- (iv) all relevant sales staff are properly trained to enable them to explain the nature of Leasehold ownership to Potential Buyers and the difference between Freehold and Leasehold ownership;
- (v) all sales staff are trained to understand and comply with their obligations under consumer protection law;
- (vi) procedures to review regularly the effectiveness of its training and, when necessary, implement changes recommended by the review are in place; and
- (vii) it provides Potential Buyers with information relating to:
  - a. the tenure of a Property;
  - b. where the tenure is Leasehold the length of the Lease term;
  - c. the Ground Rent payable and the amount and timing of any scheduled increases and how those increases will be calculated;
  - d. the initial annual Service Charge payable (or the anticipated initial annual Service Charge including any circumstances known to Persimmon that may lead to an increase in Service Charges and the basis on which these are calculated);
  - e. an estimate of other fees payable under the Lease and the basis on which these are calculated; and
  - f. the band but not necessarily the amount of Council Tax,

noting that this information is provided to a Potential Buyer prior to the signing of a Reservation Agreement and at a point in time where the Potential Buyer has adequate time to consider the information provided prior to entering into any subsequent Reservation Agreement.

The CMA will consider any request by Persimmon to vary the undertakings to enable Persimmon to comply with the Consumer Code for Home Builders and the New Homes Code from time to time in force, and the CMA shall not unreasonably withhold its agreement thereto provided any amendments continue to secure compliance with the law and with the CMA's consumer protection objectives.

## UNDERTAKINGS

In accordance with section 219(4) and section 219B of the EA02 Persimmon undertakes:

- not to engage in any conduct which contravenes paragraphs 1 to 7 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).

## Interpretation

**Buyer** means a consumer who has signed a Reservation Agreement with Persimmon.

**Clear** means information must be:

- a. clear and distinct;
- b. displayed in plain English;
- c. easily understandable to the consumer;
- d. accurate;
- e. complete; and
- f. not misleading, by action or omission.

**Fair Market Value** means a valuation of the freehold reversion calculated by reference to the provisions of Section 9 Leasehold Reform Act 1967 and contained in a valuation report prepared by a suitably qualified valuation specialist.

**Freehold** refers to the freehold of a Leasehold house.

**Ground Rent** refers to the principal rent payable periodically by a Leaseholder to his or her landlord under the terms of a Lease, however described, and for the avoidance of doubt does not include other sums which may be reserved as rent such as but not limited to a Service Charge and insurance costs.

**Help to Buy Finance** means finance to be provided by Homes England's Help to Buy Scheme (or, in Wales, by the Welsh Government' Help to Buy – Wales scheme) by way of an equity loan to assist the purchase of a dwelling.

**Lease** means a contract which confers an estate in land for a determinate period with exclusive possession capable of binding third parties.

**Leasehold** refers to the interest in land created by a Lease.

**Long Leasehold** means the Leasehold interest in a residential property in the United Kingdom with a term of at least 21 years.

**Leaseholder** means the owner of a Long Leasehold.

**Permission Fee** refers to a payment required to be paid by a freehold owner of a Property (following a purchase of that freehold interest under paragraph 2(a) or 2(b)) in order to gain permission from Persimmon to do certain actions as specified in the transfer of the freehold interest.

**Persimmon** has the meaning given to it in the preamble to these undertakings.

**Potential Buyer** means a consumer who has not signed a Reservation Agreement with Persimmon

**Predefined Requirements** mean that a Buyer will have taken all and any of the following steps that are applicable to their transaction:

- a. instructed a solicitor or licensed conveyancer and provided their solicitor or licensed conveyancer with the information and instructions that the solicitor requires;
- b. instructed an independent financial adviser or taken steps towards an application for mortgage loan finance necessary to ensure a timely mortgage offer;
- c. taken all reasonable steps towards an application for Help to Buy Finance;
- d. in the case of a part exchange, supplied their solicitor with all reasonably required details about their property for onward transmission to Persimmon's conveyancer; and
- e. provided all necessary identity evidence associated with Persimmon's anti money laundering checks.

**Prominent** means that information must be displayed so that it is clearly visible to the consumer and is presented in an appropriate font, size, colour and position to enable the consumer to easily identify, read and understand the information.

**Property** means a dwelling (be that a house, flat, apartment, maisonette or other unit of residential accommodation) constructed or converted by Persimmon and offered for sale to a Potential Buyer.

**Purchase Scheme** means the scheme under which Persimmon will offer to sell Freeholds to Leaseholders and make payments to former Leaseholders pursuant to paragraph 2 below.

**Rent Charge** means a mechanism included within a lease or transfer of a Property pursuant to which the payment of a Service Charge can be enforced by those means set out in Section 121 Law of Property Act 1925.

**Reservation Agreement** means an agreement between Persimmon and a Buyer whereby Persimmon agrees not to sell or attempt to sell a Property to another Buyer nor to increase the price (save where it is expressly and mutually agreed between the parties) for the duration of a Reservation Period.

**Reservation Period** means the period of time stated in a Reservation Agreement within which the Buyer may be required to take prescribed steps, including to meet the Predefined Requirements.

**Service Charge** means a sum or sums contractually payable by a consumer to reimburse a landlord and/or a management company for the costs that it or they have incurred in maintaining, upkeeping, repairing, insuring and renewing (etc) common areas, structures and facilities on or connected with a housing estate including the structural parts of an apartment block. The sums may include a provision for future expenditure and a charge for management and administration duties/tasks.

**Timely Manner** means that information is provided to its recipient sufficiently early in the process of which it forms part that the recipient is able fully to review it and to take it into account in the transactional decisions to which the information relates.

Use of Reservation Agreements

1. Persimmon will ensure that the following requirements for the use of Reservation Agreements are met:
  - a. The Reservation Period must be reasonable in all the circumstances of the transaction, and having regard to the rights and obligations of Persimmon and the Buyer under the Reservation Agreement, and should be at least equal to the period of 42 calendar days starting on the day after the draft contract is received by the Buyer.
  - b. Sub-paragraph a. above does not exclude the right of Persimmon and a Buyer to exchange contracts, or to complete the sale and purchase of a Property, in less than 42 calendar days should both parties agree.
  - c. Where during a Reservation Period a Buyer has met such of the Predefined Requirements as are relevant, or has failed to do so only for reasons beyond their reasonable control, they will normally be taken to have met their obligations under the Reservation Agreement.
  - d. All information that Persimmon provides to Potential Buyers and Buyers about entering into or proceeding with a Reservation Agreement, exchange of contracts or completion will be provided and presented in a Clear, Prominent and Timely Manner.
  - e. The rights and obligations of Persimmon and the Potential Buyer or Buyer (as the case may be) during and after the Reservation Period, including those obligations the Potential Buyer or Buyer (as the case may be) must fulfil and the consequences of default, must be explained in a Clear, Prominent and Timely Manner.
  - f. (A) Unless part (B) of this paragraph applies on the expiry of the Reservation Period, and provided that the Buyer has met the Predefined Requirements, the Property will not be remarketed for sale by Persimmon within a further period of at least 42 days unless either on the expiry of the Reservation Period or at any time within the further period of 42 days (i) the Buyer chooses to abandon the sale, or (ii) Persimmon reasonably concludes, having regard to all the circumstances, that exchange of contracts will not be reached within that period.  
  
(B) Prior to or on the expiry of any initial Reservation Period Persimmon and the Buyer may mutually agree (in writing) an extension to a Reservation Period. In the event the parties do so agree, the period of any extension shall be of such duration as is reasonable in all the circumstances of the transaction, including but not limited to (i) the nature of any outstanding steps relating to the transaction (ii) the satisfaction (or not) by the Buyer of the Predefined Requirements. If it is reasonable to do so the terms of any such extension may include a fair right for Persimmon to terminate the Reservation Agreement if Persimmon reasonably concludes, having regard to all the circumstances, that exchange of contracts will not be reached within the extended Reservation Period. The Buyer may abandon the sale at any time. Until the period of extension has concluded or been terminated (as the case may be) the Property shall not be remarketed.

## Sales of Freehold

2. Persimmon will take the following actions<sup>1</sup>:
  - a. In relation to Long Leaseholds sold by Persimmon on or after 1 October 2015, Persimmon will offer to sell the Freehold to the Leaseholder for £2,000 or such lower sum as represents Fair Market Value and without further fee or charge in respect of costs or disbursements incurred by Persimmon. For the avoidance of doubt a Leaseholder will remain responsible for their own legal costs and disbursements associated with the transfer of a Freehold title.
  - b. In relation to Long Leaseholds sold by Persimmon after 1 January 2000 and before 1 October 2015 and where Persimmon owns the Freehold, Persimmon will offer to sell the Freehold to the Leaseholder for £2,000 or such lower sum as represents Fair Market Value and without further fee or charge in respect of costs or disbursements incurred by Persimmon. For the avoidance of doubt a Leaseholder will remain responsible for their own legal costs and disbursements associated with the transfer of a Freehold title.
  - c. In relation to Long Leaseholds sold by Persimmon after 1 January 2000 and before 1 October 2015 and where Persimmon does not own the Freehold, Persimmon will take reasonable steps to assist the Leaseholder in their acquisition of the Freehold.
  - d. Where a Freehold has already been sold by Persimmon to a former Leaseholder (subsequent to their purchase of a Long Leasehold) Persimmon will refund the former Leaseholder, provided that they still own the Freehold, the difference (if any) between £2,000 and the price paid for the Freehold title by the former Leaseholder to Persimmon (excluding Persimmon's fees or charges).
  - e. Leaseholders who acquire their Freehold under paragraphs 2.a. or 2b. above will not be subject to Rent Charges or Permission Fees. If any such Rent Charge and or Permission Fee has been included as terms of Freehold sales that Persimmon has already made to former Leaseholders, Persimmon will as soon as reasonably practicable make an offer to the person who now owns the Freehold to remove such terms without cost to that person provided that, in the case of Rent Charges, this requirement will be satisfied by removing the enforcement powers in s.121 Law of Property Act 1925. Where the consent or agreement of any third party is required to remove such Rent Charge and or Permission Fee, Persimmon will use reasonable endeavours (without any obligation to pay any consideration) to procure the consent or agreement of any such third party.
  - f. Persimmon will act as soon as reasonably practicable and in any event within 90 working days of the date of these undertakings, to identify and contact eligible Leaseholders to notify them of their eligibility under the Purchase Scheme and how to proceed with the purchase of their Freehold:

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<sup>1</sup> The obligations in paragraph 2 of these undertakings only apply to Persimmon as constituted on the date the undertakings are signed.

- i. Where an offer to sell the Freehold is made by Persimmon and accepted by a Leaseholder Persimmon will complete the sale as soon as is reasonably practicable.
  - ii. Where an offer to sell the Freehold is not accepted by a Leaseholder, Persimmon will write to the Leaseholder annually repeating the offer.
- g. Persimmon will act as soon as practicable, and in any event within 90 working days of the date of these undertakings, to identify and contact eligible former Leaseholders to notify them of their eligibility to a refund as detailed at paragraph 2.d. and how to proceed in order to receive the refund.
- h. The offers described at 2.e, 2.f and 2.g will be communicated by sending a letter to the relevant property or by sending an email to the Leaseholder or former Leaseholder or other eligible person, where their email address is known.
- i. Persimmon will accept applications by eligible persons to exercise their rights under the Purchase Scheme until at least 31 December 2026.
- j. Persimmon will advertise the provisions of paragraphs 2.a. to 2.e. and 2.i. above Clearly and Prominently on its website [www.persimmonhomes.com/leasehold](http://www.persimmonhomes.com/leasehold) enquires (or a suitable alternative in the event of company/website changes) until 31 December 2026.
- k. All information that Persimmon provides to Leaseholders about entering into or proceeding with a purchase of their Freehold will be provided and presented in a Clear, Prominent and Timely Manner.

### Training

- 3. Persimmon will ensure that it always has in place training practices and processes under which:
  - a. all sales staff will be trained to:
    - i. enable them to explain the nature of Leasehold ownership to consumers, the difference between Freehold and Leasehold ownership, and the matters identified in paragraph 4 below;
    - ii. understand and comply with their obligations under consumer protection law; and
  - b. procedures are in place to review regularly the effectiveness of its training and, when necessary, implement all changes recommended by the review.

### Sales and Marketing

- 4. Persimmon will ensure on an ongoing basis that all marketing materials provided to consumers before the signing of a Reservation Agreement Clearly and Prominently state:
  - a. the tenure of the property;
  - b. where the tenure is Leasehold the length of the Lease term;

- c. the Ground Rent payable and the amount and timing of any scheduled increases, including a schedule of Ground Rent payable for the first 30 years of the term of the Lease;
- d. the Service Charge payable (or the anticipated Service Charge including any circumstances known to Persimmon that will lead to an increase in Service Charges and the basis on which these are calculated);
- e. an estimate of other fees payable under the Lease and the basis on which these are calculated; and
- f. the band but not necessarily the amount of Council Tax.

In addition, Persimmon will ensure that consumers are provided with the information identified in paragraph 4. above before the signing of a Reservation Agreement (irrespective of whether they have been provided with marketing materials). For the avoidance of doubt, this requirement will not be satisfied if the information is only provided at the point of signing the Reservation Agreement.

#### Other Matters

- 5. Persimmon will, at the request of a Leaseholder, provide such support as is reasonable for Persimmon to provide (without any obligation to pay any consideration):
  - a. if owing to the provisions of their Lease relating to the payment of Ground Rent the Leaseholder encounters problems in re-mortgaging or selling their interest in their Property; or
  - b. in connection with the effect of section 7 and Schedule 2 of the Housing Act 1988 on their Lease,

and such support may include variation of the Lease or engagement with the Freeholder to achieve a variation of the lease, and in either case the cost to the Leaseholder will not exceed £100 excluding value added tax.

#### Reporting and Monitoring

- 6. Within 42 calendar days of the date of these undertakings, Persimmon will provide a report to the CMA of the following for the CMA's information:
  - a. A template Reservation Agreement that incorporates the measures set out in paragraph 1. Persimmon should also include the associated standard form correspondence that references the Reservation Agreement, whether intended to be displayed/provided electronically or in hard copy. This may include but is not limited to explanatory material or factsheets, frequently asked- questions and answers and reservation confirmation correspondence.
  - b. The text of the letters intended to contact those described at paragraphs 2.a. to 2.d.
- 7. Within 3 months of the date of these undertakings, and then on an annual basis, Persimmon will provide a report to the CMA of the numbers of offers made to each of those described at paragraphs 2.a. to 2.d. In each of the categories, the report will include the number of offers made, the response to the offers, the number of

Freeholds sold, the value of payments made and information on the assistance provided where offers have been accepted.

BY SIGNING THESE UNDERTAKINGS PERSIMMON IS AGREEING THAT IT WILL BE BOUND BY THEM.

IF HAVING SIGNED THIS DOCUMENT PERSIMMON BREACHES ANY OF THE ABOVE UNDERTAKINGS, IT IS AWARE THAT IT MAY BE THE SUBJECT OF AN APPLICATION TO THE COURT FOR AN ENFORCEMENT ORDER UNDER SECTION 215 OF THE EA02