

Royal Institution of Chartered Surveyors Response: Unfair Commercial Practices Guidance

RICS welcomes the opportunity to respond to the CMA's Unfair Commercial Practices Guidance.

Established in 1868, RICS is the largest organisation of its kind for professionals in property, construction, land, and related environmental issues, setting and upholding professional standards for 135,000 professionals (100,000 of which are in the UK), and over 10,000 firms across the globe. RICS regulates both its individual qualified professionals and those firms that have registered for regulation by RICS.

- In reading the consultation we have been left with a number of questions that we look to discuss further with the CMA for clarification. RICS has worked a stakeholder group established by the National Trading Standards Estate and Lettings Agency Team (NTSELAT) to develop guidance on material information for online property listings. We would like to understand how the guidance developed by NTSELAT, will work with the guidance published by the CMA. RICS members support the home buying and selling process and we want to avoid confusion for estate agents, which could then impact on consumers.
- RICS also understands that National Trading Standards will still have the ability to enforce consumer protection laws within the Digital Markets Competition and Consumers Act 2024. However, the CMA will also be able to enforce breaches without having to go to court. Again, we are concerned that this will create confusion for consumers.
- Within estate agency, there is not only NTSELAT, but also the Property Ombudsman and the Property Redress Scheme, whilst RICS also regulates our members and member firms. All with varying powers to take court action, fine, suspend or expel members. We would like to understand how the powers that the CMA have will fit with those of NTSELAT and the potential impact on consumers when they are seeking redress.
- Although, not explicitly mentioned in the guidance, RICS understands that questions have been raised with regards to service charges and ground rents when displayed in

online property adverts for leasehold property. RICS is responsible for the development and delivery of the [Service Charge Residential Management Code](#), currently in its third edition in England.

- The Code, now in its third edition, is approved by the Secretary of State and has been prepared to promote desirable practices in respect of the management of residential leasehold property. Setting service charges can be complicated and they will vary year on year depending on a range of different factors. Successful management can only be achieved through cooperation and a mutual understanding of the procedures necessary for the effective management of property as well as of the problems that can arise.
- The Code is therefore intended to be read by landlords, leaseholders, managing agents, managers and occupiers of leasehold property. Although most of the Code is aimed directly at managing agents of residential leasehold property, parts are specifically intended for other parties such as owners and professional advisers.
- The Code aims to:
 - Improve general standards and promote best practice, uniformity, reasonableness and transparency in the management and administration of long leasehold residential property.
 - Ensure the timely issue of all documentation including budgets and year end accounts.
 - Reduce the causes of disputes and to give guidance to resolving disputes where these do occur.
- RICS is currently seeking approval of the fourth edition of the Code with MHCLG. The fourth edition will see the Code extended to housing association and local authority leaseholders, as well as setting good practice for developers and landlords when setting the service charge for new built properties. RICS would be very happy to go through the fourth edition of the Code with the CMA and discuss how best service charges can be represented in material information.