



Annual Review 2023

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2023 highlights

57,635

A record number of 57,635 consumers sought assistance from us in 2023



30%

Consumer enquiries have risen 30% since 2022



5,644

disputes accepted for investigation



£1.52 million

Awarded to consumers



47%

of disputes accepted were resolved through early resolution



83%

of cases resolved by formal decision found in favour of the consumer



FOREWORD

By the Chair of the Board

For those seeking to rent or buy in 2023, the property sector has been turbulent. The number of people who needed our help increased dramatically, bringing the increase to over 240% in the last ten years.

We continue to support them with free advice, redress and reassurance. We clearly demonstrate the value of an Ombudsman service in the 50% of the market supported by agents, and we welcomed the government's proposal to extend that provision to all private sector landlords.

Navigating the complex world of property is difficult, particularly for the vulnerable, and we can, uniquely, assist individuals to better understand the circumstances they find themselves in and their next steps. Through this front-end service, we help thousands of tenants of private landlords who do not otherwise have access to an Ombudsman service. We can then also share the insight we gain via the data from these interactions.

We resolve around 30% of all issues at this early stage, which is hugely beneficial to our member businesses as it reduces the time and energy in having to deal with all these enquiries themselves but more importantly

prevents the complaints being formalised, and becoming far more costly as well as distressing for the tenant. Without our initial intervention and support, many more complaints would proceed through the lengthy formal procedures. We feel this process would also be a significant benefit to private landlords, who have less experience of dealing with complaints.

The wider political environment clearly affects our work, and we were again actively engaged with the work of the Department of Levelling Up, Housing and Communities (DLUHC). Our data, intelligence and insight, backed by our far reaching private rented sector experience, enabled us to inform and engage on policy issues across the property sector and we were vocal about the challenges in the rental market, for both tenants and landlords.

Our codes remain a unique and respected asset to consumers and businesses alike and underpin shared expectations. Driving positive behaviour and being clear on behavioural expectations is tremendously beneficial to everyone involved – whether it be in the challenging leasehold environment or in the private rented sector.

Our Consumer and Industry Forums continue to be a tremendous help to us and to the sector: they provide an environment in which we can test understanding,



explore emerging issues and consider how we can collectively work to improve everyone's experiences in the wider private property sector.

My thanks as always to the Ombudsman and her staff, who year on year show their commitment to the organisation and to the improvement of the sector, and to my fellow Board members for their contribution to the governance of TPO and in maintaining the independence of the Ombudsman.

I hope that you find the review helpful and informative and I commend it to you.

A handwritten signature in dark ink, appearing to read 'Diana Warwick'.

Baroness Diana Warwick
CHAIR OF THE TPO BOARD





About The Property Ombudsman

The Property Ombudsman has provided consumers and property businesses with a dispute resolution service since 1990. Our role is to make fair and proportionate decisions and provide redress, where appropriate, to consumers whose complaints are considered on a case-by-case basis.

As an Ombudsman, we have a wider remit than just resolving disputes. We also play a crucial role in improving standards in the property industry, by identifying systemic issues and themes. Our Codes of Practice, guidance and Consumer and Industry Forums are key vehicles in delivering this.

We are validated by the Ombudsman Association, which means we have additional criteria we must meet. As part of our service and to meet these criteria, we handle enquiries, provide signposting and advice, feedback learnings from our casework and take an inquisitorial approach when investigating cases. We aim to resolve issues before they turn into disputes, while also helping to educate consumers and businesses.





What we offer



Free service for consumers

Ensuring equal access to justice for all consumers.



Enquiries and advice

Resolving issues before they become disputes, educating, and advising consumers and businesses.



Resolution of disputes

Formal and informal processes including early resolutions and formal investigations.



Inquisitive approach

Using specialist expertise, we request missing information to ensure the outcome is not affected by how well either party presents their case.



Fair and reasonable decisions

Taking account of the circumstances of the individual case, best practice as well as law.



Feedback on lessons learned

Enabling policymakers and stakeholders to improve standards and increase trust and confidence in the property sector.



CASEWORK INSIGHT

Ban on tenants with kids ruled as unfair

A landmark case received national coverage and led to the Government introducing a ban on blanket bans on renting to families. The Ombudsman found that a mother and her four children had experienced unfair and unequal treatment when searching for a property to rent

This case features Lexi Levens who received a Section 21 no-fault eviction notice on Christmas Eve. Ms Levens was unable to find a new home to rent after several agents refused to let properties and had to declare her family homeless with the council.

Whilst searching for a place to rent, Ms Levens was told she would be unable to apply for certain properties due to the landlord only accepting applications from families with up to two children. She mentioned that they were unable to arrange a viewing for another property and was told that the landlord ultimately chose to rent the property to a couple with no children, despite it having four bedrooms. Ms Levens also said they were told they were not permitted to view two other properties as the landlords would not accept tenants with children.

The Property Ombudsman found that the blanket 'no children' policies employed by the agent were a breach of equality and fairness standards laid out in the Ombudsman's Codes of Practice. Our adjudicator found that there were at least four instances where it appeared that Ms Levens was not treated fairly or equally. Ms Levens' complaint was supported, and she was awarded compensation for avoidable aggravation, distress, and inconvenience during her search to rent a property.

This decision and the subsequent media coverage shone a light on the issue which disproportionately impacted single mothers. As a result, policymakers made amendments to the Renters Reform Bill to prohibit 'no children' and 'no benefits' blanket bans in property advertisements.



Our Board

The Ombudsman reports to an independent Board. Only the Ombudsman and delegated staff are empowered to decide cases.

The Ombudsman's decisions are final and cannot be appealed or overturned by the Board. Under the approved governance arrangements, the Board appoints the Ombudsman.

The Board has specific duties to maintain the Ombudsman's independence, agree the Terms of Reference for the scheme, oversee compliance with membership requirements (particularly awards and directions), ensure financial stability and compliance with payments of awards and directions, good governance and high performance.



**Gillian Fleming, Chair of the Compliance Committee
Non-Executive Director (Independent)**

Appointed to Council in 2016 and subsequently to the new Board in July 2018. An Accredited Mediator and Associate Member of the Chartered Institute of Arbitrators, Gillian's career has been focused on resolving professional services disputes in the public and private sector. She also has extensive regulatory experience in the healthcare, financial and property sectors which includes chairing fitness to practice panels.



**Michael Stoop (Chair of the Finance and Performance Committee)
Non-Executive Director**

Michael previously served as a consultant to the original Board from 2015 and was subsequently appointed to the new Board in July 2018. Michael is a well-known figure in the sector, and the recipient of a Lifetime Achievement Award in 2019.



**Baroness Diana Warwick, Chair of the Board
Non-Executive Director (Independent)**

Diana was appointed as Chair of TPO's independent Council in May 2017, and subsequently as Chair of the new Board in July 2018, to lead the Board and ensure the Ombudsman can act independently and impartially when reviewing disputes. Diana's term has been extended until April 2025. She was recently the Chair of the National Housing Federation.



**Kathryn Cearns OBE, Vice-Chair of the Board
Non-Executive Director (Independent)**

Appointed to the Board in January 2019. Appointed Vice-Chair of the Board in May 2020. Kathryn is also a Non-Executive Director of National Highways, the UK Endorsement Board, the Press Recognition Panel, the Nuclear Decommissioning Authority and Emperor Design Consultants Ltd. She is also a trustee of the Royal Mencap Society and a lay Member of the Audit and Risk Committee of the British Medical Association.



**Mark Hayward
Non-Executive Director**

Mark served on the original TPO Board from 2013 representing NFOPP/PropertyMark and was subsequently appointed to the new Board in July 2018. Mark's term was renewed in July 2021. Mark is well known to the industry and to government from his previous role as Chief Policy Advisor at PropertyMark. Mark was also a Member of the Regulation of Property Agents (RoPA) Working Party chaired by Lord Best.



**Katie Kapernaros
Non-Executive Director (Independent)**

Katie was appointed to the Board in January 2019. Katie also holds Non-Executive Director positions at a number of organisations, including Oxford University Hospitals NHS Foundation Trust and The Pensions Regulator. She is an experienced executive having worked for many years for IBM Global Technology Services around the world.





Deborah Evans
Non-Executive Director (Independent)

Deborah was appointed to the board in October 2021. Deborah is the Chief Executive of Lawyers in Local Government and Chair of Trent College in Nottingham. She has previous experience in dispute resolution and redress from her time as CEO of the Legal Complaints service and has a particular interest in legal and policy reform and the impact of regulation on a sector.



Louise Baxter MBE, Chair of the Consumer Forum
Non-Executive Director (Independent)

As well as her role as Head of the National Trading Standards Scams Team, Louise Baxter was previously Chair of the Chartered Trading Standards Institute (CTSI) and Non-Executive Director on the CTSI Board. As a recognised expert in consumer regulation, fraud and consumer vulnerability, Louise started the National Trading Standards (NTS) Scams Team in 2012, providing a service that offers a fundamental support system for victims of fraud and scams. She was awarded an MBE for protection of vulnerable consumers from financial abuse in 2017. Louise became Chair of the Consumer Forum in October 2023.



Nicholas Samuels, Chair of the Industry Forum
Non-Executive Director

As Chair of the Board for a subsidiary of Wiltshire Council, Nick has been responsible for driving the change management and governance of the business, devising a strategy and plan for the purchase of affordable housing, and overseeing new sites. Nick has worked with vulnerable communities including homelessness and abusive support to improve the PRS model within Wiltshire and beyond. Nick's previous roles have included Chief Operating Officer at Bold and Reeves, Group Chief Operating Officer at Myrooms, Growth Director at Residently and Property Hub, and also Director of Expansion at Foxtons. Nicholas became Chair of the Industry Forum in October 2023.



Mark McLaren
Non-Executive Director (Independent)

Mark stepped down from the Board in October 2023 after 8 years and we thank him for his dedication and diligence. He served as Chair of the Consumer Forum until October 2023.



Gerry Fitzjohn
Non-Executive Director

Gerry served on the Executive Board from 2000 and became Chair in 2015. He was subsequently appointed to the new Board in July 2018 and was Chair of the Finance & Performance Committee. Gerry stepped down from the Board in June 2023 after 23 years and we thank him for his dedication and diligence.



INDEPENDENT REVIEWER
Raj Tutt

The Independent Reviewer is appointed by the Board to consider any complaint about the standard of service provided by the scheme and to audit a sample of cases to ensure that the scheme's Terms of Reference have been appropriately applied.



“2023 picked up where 2022 left off with the introduction of the Renters Reform Bill and the Leasehold and Freehold Reform Bill, both of which are intended to rebalance the relationships between tenants and landlords and leaseholders and freeholders. Alongside a number of major reforms, each piece of legislation is also proposing that redress is extended to cover the significant gaps experienced by consumers in the private property sector .”



OMBUDSMAN'S REPORT

As I remarked last year, to say reform is needed is an understatement. Every year we deal with thousands of tenants and leaseholders that are seeking help, guidance and information in relation to their home regardless of whether a letting or managing agent is involved.

“ In 2023, we saw a 30% overall increase in consumer enquiries, with 57,635 people seeking our enquiries team’s assistance to help with their situation. ”

Tenants generated 61% of lettings enquiries where their most common request was for advice around repairs and maintenance. Leaseholders provided 74% of the leasehold enquiries where repairs and maintenance alongside service charges were the main reasons for seeking our help and guidance.

In both instances we managed to resolve around 30% of those consumer enquiries, meaning issues were resolved at the earliest possible point, avoiding matters escalating into formal complaints. For those enquiries that did escalate into disputes that required

our intervention, our adjudicators and resolution teams considered the actions of landlords and freeholders, alongside those of the agents to ensure our decisions were balanced and took into account the roles and responsibilities of all the relevant parties. Whilst we are currently unable to make awards against landlords and freeholders (the two significant gaps the Government’s Bills are seeking to close) those tenants and leaseholders were assured that the actions of all the relevant parties had been considered and where relevant, received signposting and advice to help them understand their next steps.

Looking back on our work in 2023, it was a year of evolution and continuous improvement for the service which will continue throughout 2024 and beyond. Some of the highlights have been:

- Changes to our front-end enquiry function saw call waiting times reduced by 96% and response times for emails reduced from seven to three working days.
- At the evaluation stage where cases are triaged, the introduction of people-led machine learning reduced timescales by 22% and the redesigned

triage process saw same day human responses to queries and matters that fall outside of our jurisdiction.

- At the early resolution stage, a redesigned process coupled with increased staff training saw case turnaround times halved and higher than ever consumer satisfaction results in Q4.
- Finally, at the adjudication stage a refreshed representation process combined with a strengthened quality assurance framework saw the representation rate halved and quarter on quarter improvements in quality metrics.

These were all impressive results, but I must emphasise that this is just the start of our improvement journey. As 2024 develops, our focus will be unwavering in ensuring existing and new changes improve the consumer and business end-to-end journey while maintaining and enhancing the quality, independent decision-making that stakeholders have come to expect of The Property Ombudsman.

Rebecca Marsh
Ombudsman



2023 in numbers

Photo: Ground Picture (Shutterstock)



2023 IN NUMBERS

Consumer Enquiries & Casework

Total enquiries:

57,635 (+30%)

Cases Accepted:

5,644 (+46%)

Advice, Guidance and Signposting:

52,001 (+28%)



2023 IN NUMBERS

Awards Made to Consumers

The Property Ombudsman made awards to consumers totalling

£1.52million (+5.5%)

The highest awards made in 2023

SALES

£23,850

LETTINGS

£20,636

RESIDENTIAL LEASEHOLD
MANAGEMENT

£6,840

OTHER JURISDICTIONS
(PROPERTY PROFESSIONALS)

£17,000

Total Sales Awards

£683,470 (+44%)

Average Sales Award

£745 (+53%)

Total Lettings Awards

£626,183 (-12%)

Average Lettings Award

£535 (+6%)

Total Residential Leasehold Management Awards

£138,260 (-19%)

Average Residential Leasehold Management Award

£314 (-25%)

Total Awards for Other Jurisdictions

£78,579 (-13%)

Average Award for Other Jurisdictions

£1,209 (+27%)



SECTOR REPORT – RESIDENTIAL LETTINGS

Section 1: Lettings related enquiries

Direct enquiries allow our advisors to talk through the consumer’s issues and help to resolve matters before they turn into complaints

Our advisors will also provide help and guidance either specific to the issues or around educational matters such as responsibilities and compliance matters

DIRECT ENQUIRIES:

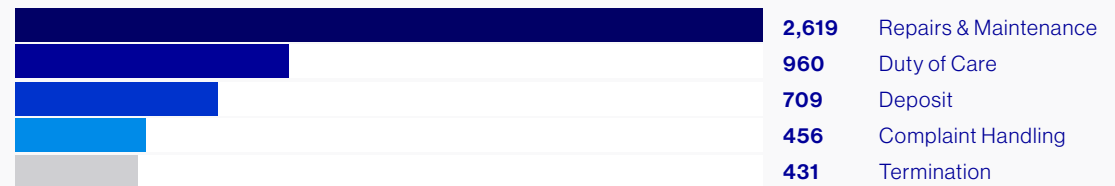
8,731 (-8%)



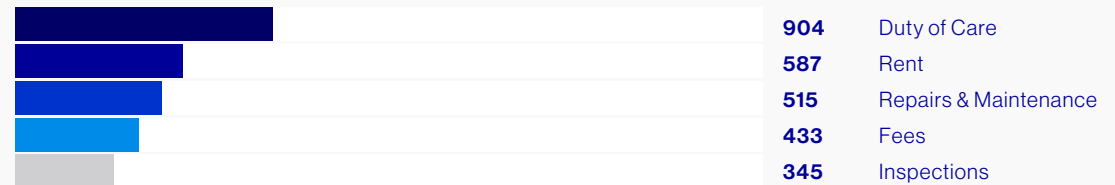
¹ Includes enquiries received about letting agents and rented properties from guarantors, neighbours, sellers, buyers, freeholders, resident management companies.

Top 5 reasons consumers contacted us

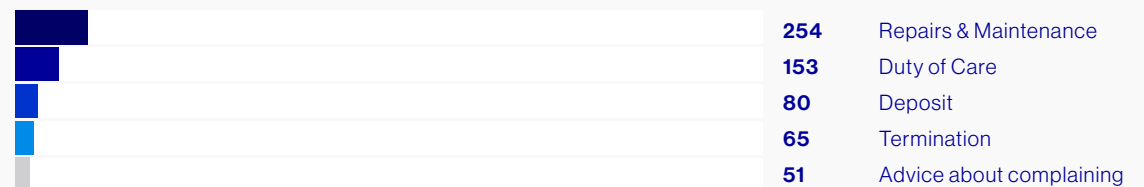
TENANT ISSUES | Total Issues Raised: 14,230



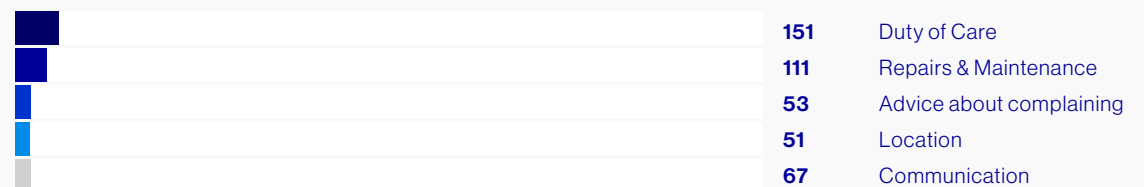
LANDLORD | Total Issues Raised: 5,291



LANDLORD, NO AGENT | Total Issues Raised: 805



OTHER | Total Issues Raised: 734



SECTOR REPORT – RESIDENTIAL LETTINGS

Section 2: Disputes Resolved

TOP ISSUES & NUMBER OF LETTINGS DISPUTES:

- 1) Management (1,572)
- 2) Complaints handling (507)
- 3) Instructions, terms of business, fees, charges and termination (390)
- 4) Duty of Care, Conflict of Interest (381)
- 5) End of Tenancy (328)

LETTINGS DISPUTES RESOLVED

2,224 (-16%)

EARLY RESOLUTION

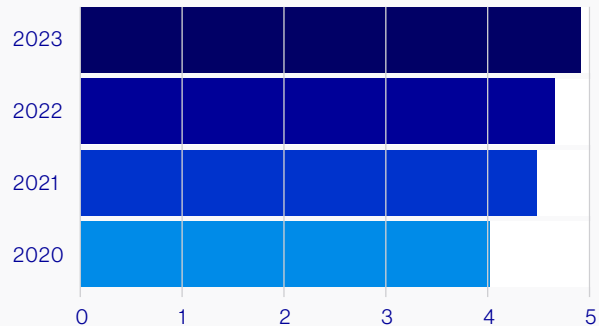
935 (+9)

FORMAL DECISIONS

1,289 (+28)

LETTINGS CASEWORK COMPLEXITY

Average Number of Complaint Issues Per Dispute



Complainants

LANDLORDS

1,096 (-21%)

TENANTS

1,045 (-11%)

OTHER

83 (no change)

Proportion of sales disputes

LANDLORDS

49%

TENANTS

47%

OTHER

4%

Disputes upheld / resolved in consumer's favour

TOTAL

1,511 (68% upheld/resolved in consumer's favour)

EARLY RESOLUTION

397 (+15%)

FORMAL DECISIONS

1,114 (-25%)



SECTOR REPORT – RESIDENTIAL LETTINGS

Section 3: Future outlook for lettings sector

For policymakers, the high levels of enquiries and disputes relating to repair and maintenance issues supports proposals to put in place measures to raise the standard of private rented housing stock. In combination, the high level of enquiries from tenants and landlords seeking advice indicates a real need for consumer education to help them understand the roles and responsibilities of all the parties involved. For the letting agency sector itself, communication to tenants about the progress of repairs and maintenance issues is a lesson that, if learned, will provide assurance to tenants that matters are in hand and, ultimately reduce discontent and the potential for complaints to arise.

SECTOR REPORT – RESIDENTIAL LETTINGS

Section 4: Case studies

A high price for an early exit

This case concerned tenants requesting a refund of the early termination fee charged by the agent.

The tenants said that the agent had agreed that depending upon when they moved out of the property, the sum paid would be refundable. The tenants said that the agent then informed them after they had moved out, the cancellation fee was not refundable as it had been paid to the landlord for the re-letting fees he had incurred.

Under our Code of Practice and the Tenant Fees Act, the fee claimed could not exceed the financial loss suffered by the landlord in permitting the termination, and the costs reasonably incurred by the agent in this regard.

New tenants took occupation of the property two days after the proposed date for the existing tenants to leave.

Whilst the Ombudsman took note of the agent's comments and evidence to demonstrate that the fee was paid over to the landlord (and it was), the fact remained that the tenants' confusion and aggravation stemmed entirely from the agent's shortcomings. Therefore, the Ombudsman made a compensatory award of £1,993.68 to the tenants for the sum that they paid to the agent.



SECTOR REPORT – RESIDENTIAL LETTINGS

Section 4: Case studies

Flooded cellar should have been flagged to tenants

This dispute concerned an agent who failed to make tenants aware of a cellar in a property, which was flooded before they signed their tenancy agreement.

The tenants sought a refund of six months' rent along with moving costs, stating that the flooded cellar contributed to damp and mould issues within the property, resulting in health issues for their family.

The agent stated they were not required to identify the cellar within the marketing material as it is considered an unliveable space. The Ombudsman found this incorrect as the cellar was easily accessible and the tenants would have needed to access the cellar to obtain meter readings. The Ombudsman also noted the cellar posed a safety threat to the tenant's young child due to the standing water and staircase.

The Landlord agreed to the tenants leaving the tenancy early penalty-free and to refund the remainder of the rent

that they had paid. The agent informed the tenants that accepting the Landlord's offer would settle their complaint against them. The Ombudsman criticised this and noted this exacerbated the tenant's aggravation. In the end, the tenants could not find alternative accommodation. Overall, the Ombudsman supported the complaint, concluded the agent caused avoidable aggravation, distress and inconvenience for the tenants, and awarded £1,000 in compensation.



SECTOR REPORT – RESIDENTIAL SALES

Section 1: Sales related enquiries



Direct enquiries allow our advisors to talk through the consumer's issues and help to resolve matters before they turn into complaints provide help and guidance either specific to the issues or around educational matters such as responsibilities and compliance matters.

Our advisors will also provide help and guidance either specific to the issues or around educational matters such as responsibilities and compliance matters.

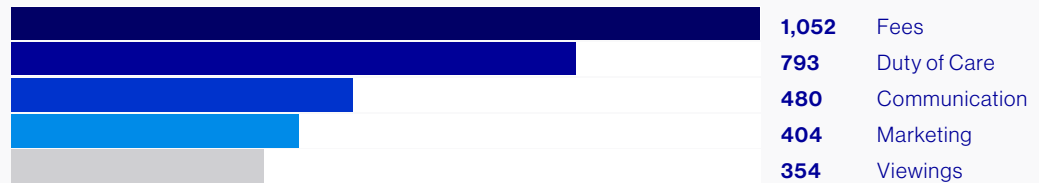
DIRECT ENQUIRIES:

4,309 (-13%)

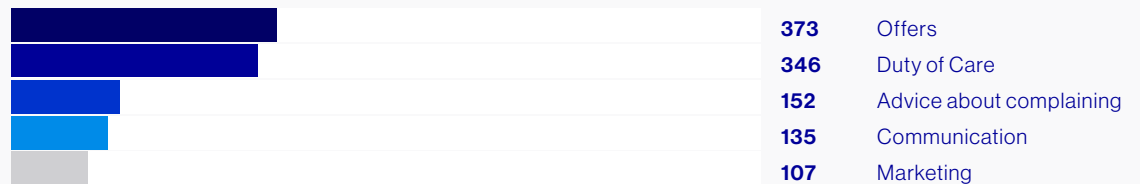


Top 5 reasons consumers contacted us

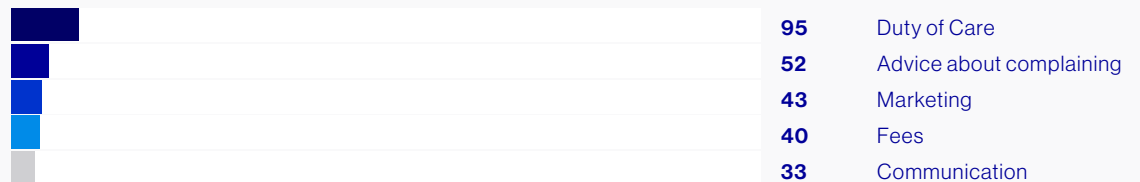
SELLER ISSUES | Total Issues Raised: 4,974



BUYER ISSUES | Total Issues Raised: 2,102



OTHER | Total Issues Raised: 518



¹ Includes enquiries received about estate agents and marketed properties from leaseholders, freeholders, landlords, tenants, residents associations, residents/right to manage companies and neighbours.



SECTOR REPORT – RESIDENTIAL SALES

Section 2: Disputes Resolved



TOP ISSUES & NUMBER OF SALES DISPUTES:

- 1) Instructions, terms of business, fees (610)
- 2) Between Acceptance and Exchange of Contracts (458)
- 3) Marketing and Advertising (411)
- 4) In-House Complaints Handling (289)
- 5) Market Appraisal (288)

SALES DISPUTES RESOLVED

1,663 (-12%)

EARLY RESOLUTION

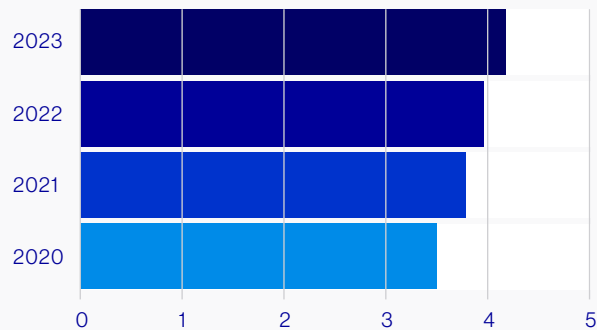
740 (+28%)

FORMAL DECISIONS

923 (-29%)

SALES CASEWORK COMPLEXITY

Average Number of Complaint Issues Per Dispute



Complainants

SELLERS

1,161 (-4%)

BUYERS

480 (-26%)

OTHERS

22 (-4%)

Proportion of sales disputes

SELLERS

70%

BUYERS

29%

OTHERS

1%

Disputes upheld / resolved in consumer's favour

TOTAL

1,020 (61% upheld/resolved in consumer's favour)

EARLY RESOLUTION

257 (+21%)

FORMAL DECISIONS

763 (-18%)



Section 3: Future outlook for sales sector

Market conditions of 2022 have carried over into 2023 and a slowdown in transactions. For agents, competition to market a smaller pool of properties will increase and this is likely to see seller concerns around valuations and during market appraisals increase. For buyers, a smaller pool of properties is likely to result in an increase in concerns around the handling of offers. Estate agents must ensure all offers are communicated in writing and that appropriate comparable properties are used when providing market valuations.



SECTOR REPORT – RESIDENTIAL SALES

Section 4: Case studies



Unveiling Conditional Selling: A Case of Coercion?

A complaint from buyers stated that their agent forced them to use their in-house mortgage broker to secure the sale of the property, as they said that the agent made it a condition of the sale.

The agent said that buyers were not mandated to use their in-house services and were free to opt for external providers. The agent clarified that in this instance, using their in-house broker was not a condition for the sale, and they did not exert pressure on the buyers to do so.

On the day of the initial offer, the buyers met with the in-house broker but opted not to proceed after learning of the £698 fee. The buyers claimed that when they presented their best and final offer, the agent informed them that the sellers agreed to accept their offer solely because they were using the in-house broker. They alleged the agent also mentioned that the sellers rejected a higher offer from another party because the buyers

agreed to use the in-house services, asserting it would make the sale of the property “easier” if the financing was organised in-house.

The buyers said that based on what they were told by the agent, they felt they had no choice but to agree to use the in-house service and pay £698. They sent two emails to the in-house broker, one expressing excitement to move forward and another indicating they felt pressured into using the service.

The Ombudsman would have expected the agent to provide evidence of communication with the sellers regarding best and final offers being requested and received and any subsequent discussions regarding offer acceptance.

Moreover, and in line with Paragraph 2f of the Code, the agent was obliged to advise the sellers in writing if the

buyers were using any of the in-house services being offered.

In the absence of contrary evidence and considering the sequence of events, the Ombudsman accepted that the agent provided information leading the buyers to believe they had to use the in-house broker for the purchase to proceed, which likely exerted some pressure on them.

The Ombudsman supported the complaint and considered that the circumstances merited an award of compensation reflecting the avoidable aggravation and inconvenience caused to the buyers.



SECTOR REPORT – RESIDENTIAL SALES

Section 4: Case studies



Buyer reservation fee or free?

A buyer requested a refund of the reservation fee, which the agent denied.

The buyer said she was under a great deal of pressure when she offered to purchase the property and that she subsequently realised that it was not suitable for her, with its proximity to a busy and noisy road, as she cared for a daughter with additional needs.

The property had been marketed at £375,000 and the buyer said that the vendor's proposal of £350,000 plus costs would still be too much. There was no evidence that the agent put pressure on the buyer to make a decision and were happy for her to take the time to discuss as requested.

The buyer subsequently made an offer of £325,000 which, based on the fact she was a cash buyer, the vendor accepted in preference to a slightly higher bid from someone who was not able to move as quickly.

At this point, the agent reminded the buyer in several of the calls that the reservation fee was non-refundable and this was clearly stated on their website, the auction pack and the reservation fee agreement.

The agent explained the process of signing the reservation agreement after which payment would be taken and the property would be reserved for her for the agreed period. Following a survey, the buyer contacted the agent to enquire about renegotiating the price or withdrawing, saying there was too much work to be done and that it was not suitable for her needs.

The buyer then withdrew from the purchase and made a request for a refund the reservation fee, which was declined. The property sold for £330,000, £5,000 more than the buyer offered.

The Ombudsman was satisfied that the buyer had adequate time to ensure that the property met her

needs prior to making her offer and was fully aware of her obligations when placing the offer.

Whilst the buyer's personal situation may have been stressful at the time, there was no evidence that the agent applied any undue pressure for her to make an offer.

As such, the Ombudsman did not support the complaint and did not consider that the circumstances merited an award of financial compensation.



SECTOR REPORT – RESIDENTIAL LEASEHOLD MANAGEMENT

Section 1: Leasehold related enquiries

Direct enquiries allow our advisors to talk through the consumer’s issues and help to resolve matters before they turn into complaints.

Our advisors will also provide help and guidance either specific to the issues or around educational matters such as responsibilities and compliance matters.

DIRECT ENQUIRIES:

3,974 (+15%)

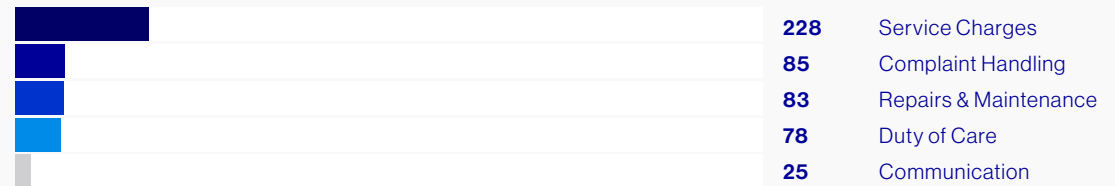


Top 5 reasons consumers contacted us

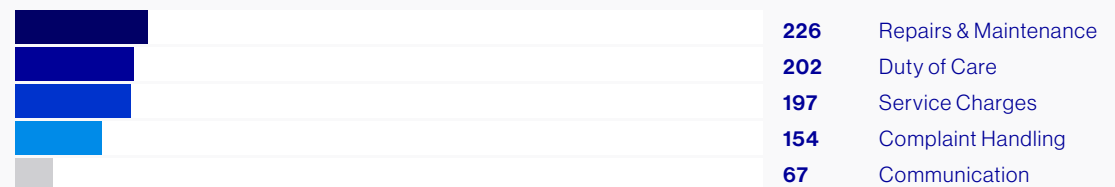
LEASEHOLDER ISSUES | Total Issues Raised: 5,276



FREEHOLDER ISSUES | Total Issues Raised: 662



OTHER | Total Issues Raised: 1,239



¹ Includes enquiries from leaseholder occupants and leaseholder landlords, tenants, buyers, sellers, neighbours, resident associations, residents and right to manage companies.



SECTOR REPORT – RESIDENTIAL LEASEHOLD MANAGEMENT

Section 2: Disputes Resolved

TOP ISSUES & NUMBER OF SALES DISPUTES:

- 1) Communication (282)
- 2) Complaints handling (179)
- 3) Maintenance (128)
- 4) Service charges (113)
- 5) Management performance (56)

RLM DISPUTES RESOLVED

1,098 (-10%)

EARLY RESOLUTION

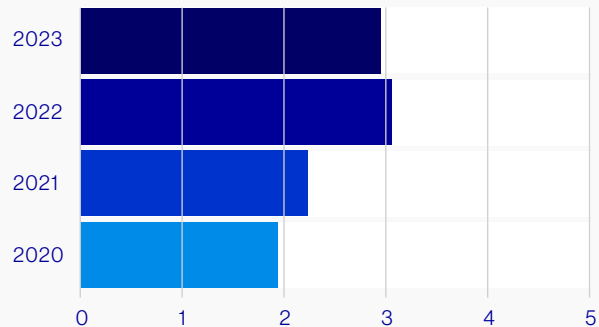
704 (-5%)

FORMAL DECISIONS

394 (-18%)

LEASEHOLD CASEWORK COMPLEXITY

Average Number of Complaint Issues Per Dispute



Complainants

LEASEHOLDERS

804 (-9%)

FREEHOLDERS

101 (-31%)

OTHER

193 (+2%)

Proportion of RLM disputes

LEASEHOLDERS

73%

FREEHOLDERS

9%

OTHER

18%

Disputes upheld / resolved in consumer's favour

TOTAL

485 (44% upheld/resolved in consumer's favour)

EARLY RESOLUTION

175

FORMAL DECISIONS

311



Section 3: Future outlook for RLM sector

For policymakers, the high levels of leaseholders and freeholders seeking advice and guidance underlines the fact that leasehold is a complex tenure that is not always understood fully. For the sector, the lesson from the complaints we see is that more time spent on explaining issues and responsibilities clearly and managing expectations saves a significant amount of time in the longer term and makes for more contented occupants. Our website has a complaints handling toolkit specifically for leasehold managing agents which includes guidance that can be provided to leaseholders in relation to service charge issues.



SECTOR REPORT – RESIDENTIAL LEASEHOLD MANAGEMENT

Section 4: Case studies



Leaseholders look for legal costs in dispute

A dispute concerned a claim by leaseholders against an estate and management company over who were responsible for legal fees to settle a dispute.

The estate and management company did not believe that their service fell short in this instance, stating that they did not agree to cover legal fees to resolve the dispute and no evidence had been provided to suggest otherwise, therefore the legal fees should be covered by the leaseholders.

The Ombudsman noted that there was a disagreement regarding the voting rights of the residents at the property between the directors of the resident management company (the leaseholders) and the estate and management company at the Annual General Meeting.

Having considered the management agreement, the Ombudsman noted that it stated "issues of legal proceedings or instructions to Solicitors for Breaches of

Covenant or other matters will be charged at £50, plus associated costs and disbursements (such sums will be recharged to the respective Leaseholder or Freeholder account)."

With regards to the legal costs incurred by the leaseholders, the Ombudsman noted that the leaseholders stated that this was sought as they were unaware the estate and management company had also opted to seek legal guidance.

Given that the dispute centred around the need for a clear interpretation of voting rights, the Ombudsman considered that obtaining legal advice to resolve the issue was a reasonable approach. The evidence indicated that the leaseholders were aware of the management company's intentions to obtain this advice and that, under the management agreement, the cost would be to them. As such, the Ombudsman did not support this complaint and did not make an award for compensation.



SECTOR REPORT – RESIDENTIAL LEASEHOLD MANAGEMENT

Section 4: Case studies



Service charge demands for an overseas landlord

This case involved a leaseholder and landlord complaining about the service provided by the Leasehold Management company. The complainant noted poor communication and distress experienced due to unexpected service charge demands that she received regarding her rental property.

The complainant, an overseas landlord, who communicated directly with the freeholder and not the Management company. She said she advised the freeholder numerous times that she lived overseas and provided her correspondence address and current email addresses so that she could be contacted.

The Management company did not have the landlord's correct correspondence address therefore for three years, service charge demands were not correctly served.

Due to the service charge account falling into arrears, they then escalated debt collection via a solicitor, demanding £9,000.

The Management company stated that there was no requirement for them to check the complainant's up-to-date address with the freeholder and as a gesture of goodwill they confirmed the administration and legal fees would not be payable, but the service charges served were correct.

Due to the complainant's direct communication with the freeholder, she had expected her correct address to be used for any correspondence regarding the property.

The adjudicator concluded that there were shortcomings in the handling of the service charges arrears as the Management company did not take all reasonable

steps to gain the contact details for the complainant to effectively pursue the arrears. They also did not notify the Freeholder of the arrears.

An award of £100 was made to the complainant to reflect the distress caused when she received an unexpected demand from a solicitor, in part due to the shortcomings of the Leasehold Management company.



SECTOR REPORT – OTHER JURISDICTIONS

Section 1: Enquiries

TOTAL ENQUIRIES

1,688 (-13%)

DISPUTES RESOLVED

163 (-37%)

EARLY RESOLUTION

61 (-12%)

FORMAL DECISIONS

102 (-46%)

Disputes upheld / resolved in consumer's favour

TOTAL

72
(63% upheld/resolved
in consumer's favour)

EARLY RESOLUTION

8

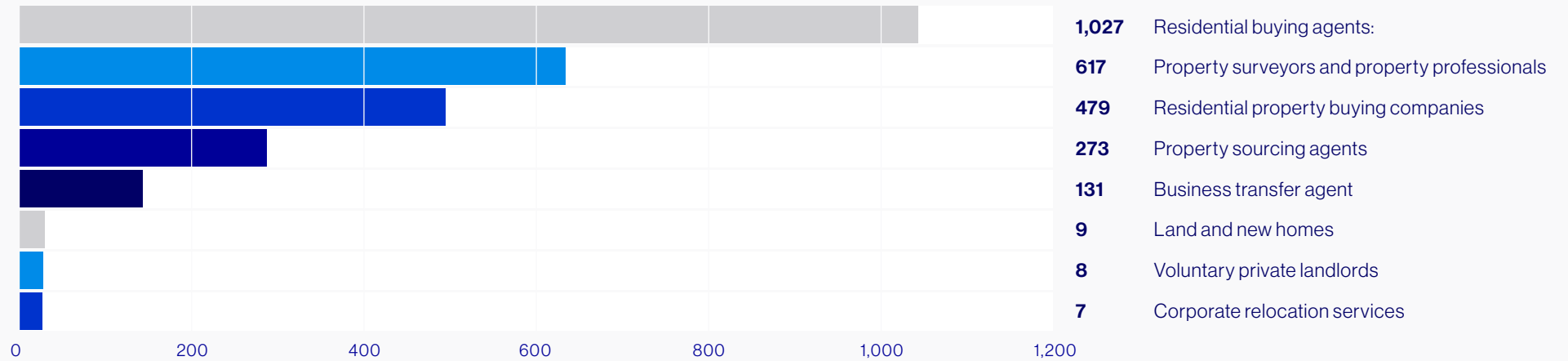
FORMAL DECISIONS

64



SECTOR REPORT – OTHER JURISDICTIONS

Section 2: Membership by business



SECTOR REPORT – OTHER JURISDICTIONS

Section 4: Case studies



Undisclosed fire damage at property sold at auction

This case involved a buyer who complained about the service provided by a property auction business while purchasing two properties.

The buyer stated that advertising by the property auction business unreasonably misrepresented the first property. She said it was advertised as tenanted and could not view it until after the sale had been completed, as the business said they did not possess a set of keys.

After completion, when the buyer could view the property, she found it was not tenanted and had extensive fire damage.

The business stated that they advertised the property as per the seller's instructions. They also pointed out that in the case of an auction sale, it is the buyer's responsibility

to investigate the property and ensure they are satisfied with it before placing a bid.

Significant fire damage to a property is considered important material information that a potential buyer should be made aware of, this ensures potential buyers can make an informed decision when purchasing a property. The property auction business did not view the property, nor did they attempt to verify the information provided by the seller. The property was also marketed without a valid Home Report.

The latter part of this complaint concerned the removal of the 'For Sale' board at the second property the buyer purchased at auction. The removal of the board took nine weeks after the completion of sale and the buyer had to chase this up. It was noted that multiple 'For Sale'

and 'Sold' boards were broken and strewn across the communal area which had also not been removed. The adjudicator was critical the property auction business took no action to resolve this and supported the complaint.

An award of £1,500 was made to the buyer mostly due to the omission of material information for the first property causing substantial aggravation, distress and inconvenience to the buyer.



SECTOR REPORT – OTHER JURISDICTIONS

Section 4: Case studies



Investment property misrepresented

This case focused on the advertising for the sale of a freehold investment property, which was at the time under refurbishment to make a 6-room HMO (house in multiple occupation). The advertising of the sale included a seven-year tenancy to a government approved social housing provider.

The complainants were invited by the property agent to sign and pay for an exclusivity agreement of £8,000, which they paid.

Several details came to light after the exclusivity fee had been paid, which left the complainants concerned and they ultimately withdrew from purchasing the property. The complainants noted they could not locate the property to view it, this was due to the incorrect property address included in the agreement. The exclusivity

agreement was then amended to show the correct property address, it was noted there was also a change to the named seller, which added further confusion.

When the complainants contacted the local council to check licensing requirements for the property, they discovered no planning permission for the conversion from a three-bed property to a 6-bed HMO had been applied for and that building warrants had not been issued. They also found that no contract was in place or planned with the named social housing provider. After the complainant's mortgage surveyor valued the property at less than half of the price that had been agreed upon, they decided to withdraw from the sale, this was after the exclusivity period had ended.

The property agent offered a price reduction and provided the draft lease the complainants had previously repeatedly requested. Due to further discrepancies and confusion including the named seller on the lease changing, the complainants did not go through with the sale.

The adjudicator concluded that the property agent had failed to take appropriate steps to ascertain the accuracy of the statements they reproduced in their advert. An amount of £8,000 was awarded to the complainants to recover the exclusivity fee paid, along with £400 compensation for shortcomings in service by the property agent.



How we work with others



HOW WE WORK WITH OTHERS

Working with policymakers, regulators & enforcement bodies:

Alongside providing monthly information and insight about our casework to the Department of Levelling Up, Housing and Communities (DLUHC) and the National Trading Standards Estate and Letting Agency Team (NTSELAT), we provide support and insight to policymakers, regulators and enforcement bodies in a number of areas, including:

- **Material information guidance**
- **Commonhold dispute mechanisms**
- **Access to justice**
- **Enforcement referral mechanisms**
- **Agent compliance surveys**
- **The First Tier Tribunal (Property Chamber) – triaging leaseholder complaints and providing issue-specific guidance.**



HOW WE WORK WITH OTHERS

Consumer and industry forum members

Our Consumer & Industry Forums

The purpose of the Forums is to build trust and confidence in the property sector through awareness of issues causing or having the potential to cause consumer detriment, and developments in professional practice.

- **Material information and property listings**
- **Buying and Selling Property Information (BASPI)**
- **Digital Identity schemes**
- **Digital Property Logbooks**
- **Renting Homes (Wales) Act changes**
- **Buying and selling insight from our front-end enquiries**
- **Letting and renting insight from our front-end enquiries**



HOW WE WORK WITH OTHERS

Working with other dispute resolution organisations:

TPO also works with organisations and groups that have a wider interest in dispute resolution to share knowledge, best practice and encourage positive change. These include:

- **Ombudsman Association (OA) – the OA’s communications, policy, casework, first contact, legal, HR and senior leaders’ groups.**
- **The Housing and Property Redress Group, focussing on developing clear consumer pathways to redress.**
- **As a code sponsor, the Chartered Trading Institute before Consumer Code Approval Scheme’s Consumer Code Approval Scheme’s communications group.**

**OMBUDSMAN
ASSOCIATION**
Promoting independent complaint resolution



MEMBERSHIP STATISTICS

The Property Ombudsman scheme is the largest approved Ombudsman for the private property sector.

All TPO Members

37,397 operating from 19,359 offices and branches across the UK*



*Which includes the Channel Islands and the Isle of Man.



COMPLIANCE COMMITTEE REPORT

In 2023, we saw unprecedented demand for TPO's services, with more complaints accepted and each case itself being more complex. The impact of business' shortcomings continued to be significant. Nevertheless, we saw again very high compliance rates, with over 99% of businesses implementing the Ombudsman's decisions.

Where a business does not act as directed, a referral is made to the Compliance Committee. Every agent or business registered for redress with TPO agrees to comply with the Ombudsman's decisions. That is embedded within our Membership documents and made clear to agents and businesses during TPO's decision-making process. And there are consequences for those that do not, an important aspect of providing an effective service to consumers as well as promoting professional standards amongst TPO's agents and businesses.

The Compliance Committee is a key part of TPO's assurance function, dealing also with other breaches of obligations and monitoring TPO's audits of membership requirements. It can issue warnings, impose fines and ultimately end membership.

However, its main activity is to secure compliance in the very rare circumstances where a TPO business does not put into effect the Ombudsman's decision, commonly a financial award designed to reflect the position the consumer would have been in but for the acts or omissions of members.

For those few who do not pay awards, the Committee can recommend expulsion or exclusion from the TPO scheme. Where the Committee decides to do so, an agent or business is unable to join another redress scheme until the decision is complied with. TPO also notifies National Trading Standards, sharing information on every expulsion and other matters of concern. Should they take enforcement action, an agent found trading without redress registration can be fined £5,000. Where relevant, TPO also informs regulatory organisations and, where appointed to deal with a company's financial affairs, insolvency practitioners who may be able to assist.

During 2023, 2,708 cases were formally reviewed by TPO, with 2,252 findings in favour of the consumer. Financial awards were directed in 2,066 of those cases.

Less than 0.53% of cases (11 in total) where an award remained unpaid resulted in a referral to the Committee in 2023. 12 referrals were carried over from December 2022. Those 23 referrals involved 31 cases of unpaid awards to consumers. Following referral

to the Committee, nine awards were settled by nine members. One way of securing payment is for TPO to facilitate an agreement of payment by instalments, in circumstances where the business is under clear financial constraints. This means a consumer does receive their award within a realistic time period and, at the end of 2023, one payment plan was on-going.

The number of businesses expelled in 2023 was the same as in 2022, with 13 businesses expelled relating to 21 unpaid awards. However eight of those 13 expelled businesses were no longer trading, so there was little prospect of any payment being made.

We are pleased to see that, as a proportion, more members than in the previous year now pay the Ombudsman's awards without the need for formal intervention. This reflects the sustained efforts of staff over the year and demonstrates the continuing effectiveness of TPO's work, ensuring virtually all consumers receive the redress they should. This report also shows that the vast majority of our members uphold the principles of independent dispute resolution.



Gillian Fleming

CHAIR OF COMPLIANCE COMMITTEE





CONSUMER ENQUIRIES

E admin@tpos.co.uk

MEMBERSHIP ENQUIRIES

E membership@tpos.co.uk



www.tpos.co.uk

Search for TPO Members: www.tpos.co.uk/find-a-member



NATIONAL
TRADING
STANDARDS
Estate and Letting
Agency Team

Department for Levelling Up,
Housing & Communities



OMBUDSMAN
ASSOCIATION

