

**Protect landlords and tenants from rogue letting agents**

**Property Ombudsman in fresh plea for law change**



The Property Ombudsman, Christopher Hamer, is using his 2010 Annual Report, released today, to make a fresh call for more control over the actions of residential lettings agents.



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The government has made it clear that it will not introduce any new laws that could lead to better protection for landlords and tenants from those agents who fail to treat consumers fairly and who potentially can put consumer money at risk.

He has seen the number of lettings offices voluntarily covered by his scheme climb to almost 8,000 by the end of 2010 but is concerned that agents who do not sign up to and adhere by the standards in the TPO Code of Practice can continue to operate, potentially to customer detriment.

'Many agents conduct their business by following the TPO Code of Practice but there are still too many who are operating without that commitment to standards and without any external controls over what they do with client money,' says Mr. Hamer.

'The Code of Practice represents a comprehensive set of standards by which firms conduct their business. Knowing a firm is complying with those standards will give consumers confidence that they are dealing with an organisation which has a committed approach to customer service and that best practice is being treated as a priority by agents,' he adds. 'I had hoped to gain accreditation from the OFT to further strengthen consumer confidence in the Code but I am disappointed that having submitted it to the OFT some three years ago I remain unclear as to when that endorsement will be given.'

From this summer, the TPO Lettings Code of Practice will include a requirement for lettings agencies to hold a separately designated client account to protect money the agencies receive.

Dan Williams, Partner at Premier Letting in Reading and licensed member of ARLA and TPO added; 'Most Landlords and Tenants do not realise that anyone can open as a letting agent and that the industry is largely unregulated. Most simply assume that the industry is regulated and often become the victims of poor advice, low service levels and more worryingly potentially dangerous properties.'

Currently there is no compulsion for letting agents to join an Ombudsman scheme and Mr. Hamer notes that this is inconsistent with the obligations on estate agents who market property for sale.

## Industry support for regulation

'Whilst the Code of Practice is not intended to be a substitute for formal regulation it would at least mean all letting agents would be following a comprehensive set of standards designed to protect the consumer. Consumers should therefore look to use an agent that displays the TPO logo – that means they are committed to operating fairly.'

Mr Hamer believes that there is general support from within the industry for some form of regulation of letting agents and to see all agents taking a secure approach to the protection of client money with insurance to ensure clients are covered if the business fails or money is misappropriated.

'There can be no excuse for client money not being held in separate and properly audited client accounts such that it is less easy for unscrupulous agents to misappropriate it. Furthermore, there needs to be an obligation that such monies are protected by suitable client money insurance. An appropriate regulatory regime could ensure that the necessary separation of client and business money is enforced.'

'An agent who uses client money because they are operating on the edge of viability and needs to bolster the business, or more worrying still is using the money for personal enjoyment, is entirely unacceptable and against the law.'

Mr. Hamer pledges he will continue to campaign with the industry for higher standards. He believes these are being achieved in the residential sales sector, although complaints against sales agents still remain unacceptably high.

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