

# **Quick House Sales**

**Market Study**

**Annexe B: Business good practice**

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## ANNEXE B: BUSINESS GOOD PRACTICE

In this annexe, we set out some practices and behaviours that we think would help providers ('you') to demonstrate compliance with the law and meet the professional standards that home sellers might reasonably expect from you.

### **Give accurate, honest and clear information to home sellers about your services**

Be open and clear to home sellers about what sort of service(s) you do and do not provide, how you pay for property, how quickly you can have funds ready, how long sales are likely to take to complete, and the level of discount you are likely to apply to the full market value price. One way to do this could, for example, be to use a simple 'key facts' list on your website and in your sales materials, which sets out this sort of information. If you are not buying the property yourself, explain how you will find a buyer more quickly than a traditional estate agent.

### **Give home sellers important information about your business**

Give honest, clear and up-to-date information about any affiliations to public or private bodies and about membership of any codes of practice and/or redress schemes. If you market your services on the internet, include a webpage with your company name, the geographic address at which you are established and an email address that allows consumers to communicate with you directly, rapidly and in way that allows them to keep copies of communications for their records.

### **Comply with the law on estate agency for any relevant activities**

Consider whether you are carrying on estate agency work. If, for example, you are a person or company brokering a quick house sale whose activities involve: introducing home sellers to third party buyers and, if an introduction is made, any steps taken to progress a sale, the OFT considers that you are likely to be carrying out estate agency work (as defined by the Estate Agents Act 1979). You are required to comply with estate agency legislation when you do estate agency work. For example, you must belong to an officially-approved redress scheme (if you are carrying out residential estate agency work) and be registered for anti-money laundering purposes.

There are specific requirements about what information must be given, and in what form, to clients and other people, as well as when you are required to disclose certain matters and what you must say. Disclosure requirements include where you or a connected person have a personal interest in a sale or, for example, where you have a regular relationship with a buyer, if this involves you providing them with services.

### **Treat home sellers fairly through the process**

Be open and honest with sellers about all important information, for example valuations, the status of offers, the financing of the sale, the timetable for the sale, and any factors that might affect either the speed of the sale or the final price. Explain clearly, and in advance, any fees and costs sellers may have to pay, both for where the deal goes ahead and where it does not. Give sellers all the information they need to make informed choices at each stage of the process (including relevant survey findings if they are the reason why you have reduced your offer price). Always make sure that information is given in good time and confirmed in writing. Never pressurise sellers to make decisions. If you use option to purchase agreements (or similar), ensure that the option period is reasonable in the context of a quick house sale. Where applicable, inform sellers of their statutory cancellation rights.

### **Do what you can to keep your promises and keep consumers informed throughout the sale**

Not all factors which have an impact on the speed of a deal are in your control. Make sure that those factors that are within your control do not cause unnecessary delay. If problems arise, which may cause a delay, tell sellers promptly and, wherever possible, take action to minimise the hold-up. Consider releasing a seller from their obligations and refunding fees paid if it becomes clear you will not deliver on your promises for reasons which are not the seller's fault. Have procedures in place to deal with sellers' enquiries promptly and reasonably, for example where they ask for proof of funds. If you are brokering the sale, keep sellers informed about your search for a buyer, any offers made (which you should confirm in writing), the source and availability of the buyer's funds, the buyer's timetable, and make it clear who you are working for to prevent any misunderstandings.

### **Make sure that your paperwork and documents are clear and that you tell home sellers about important contract terms**

Make sure that important contract terms, particularly those which may disadvantage home sellers, are clear, prominent and actively brought to their attention. Take special care to explain option to purchase agreements (or similar) to sellers, and bring to their attention, in particular, the length of the agreement, clauses that place restrictions on them and the potential costs they would incur if they pulled out. It is good practice to remind them that they should seek independent legal advice before signing one of these agreements. Before asking sellers to sign anything, always give them adequate time to read any written information you provide and time to seek their own advice.

### **Make sure your terms and conditions are fair**

Express standard terms fully, clearly and in plain language, and give prominence to terms that might disadvantage sellers. Do not take advantage of sellers' weaker bargaining position or lack of experience and do respect their legitimate interests - if you do not, the standard terms of the contract may be considered unfair and therefore unenforceable. Do not, for example, require sellers to use a solicitor of your choice.

### **Deal with complaints promptly, effectively and in a professional manner**

Maintain and operate an effective, transparent and user-friendly customer complaints procedure that is understood and followed by all of your staff that may come into contact with sellers. Tell prospective clients about this procedure and mention it in any documents you give to them. Explain how sellers can complain to you and, if applicable, to an independent third party (such as a redress scheme) to which you are affiliated or to which you belong. It is good practice to have a written complaints procedure that is available to the public. Make your best efforts to find a satisfactory solution to any complaints and respond to complainants as quickly as possible.

### **Take extra care when dealing with home sellers who are potentially vulnerable**

Never exploit a home seller's specific circumstances or vulnerabilities (for example mounting debts, health pressures or the possible impact of delay on another purchase) to put pressure on them to accept a reduced price late

in the process. Ensure your staff are trained to identify vulnerable people and deal with them appropriately. For example, ask a family member of the seller to be present, make appointments at reasonable times of day and do not stay at the seller's home for a long period of time.

**Ensure that anyone acting on your behalf is complying with the law and meeting your professional standards**

As you are responsible for anyone who acts on your behalf or in your name, make sure you have controls and training in place to ensure that anyone representing your business or trading in your name is complying with all applicable law and any applicable consumer codes of practice.