

# CMA action frees leaseholders from costly contract terms

- Taylor Wimpey to strike out terms that mean ground rents double every 10 years in latest CMA victory for leaseholders.
- Affected leaseholders' ground rents will no longer increase and will remain at the amount charged when they first bought their home.
- Investigation into Barratt Developments ongoing.

Taylor Wimpey – one of the UK's leading housing developers – has voluntarily given formal commitments to the Competition and Markets Authority (CMA) to remove terms from leasehold contracts that cause ground rents to double in price. The effect of these increases, which kick in every 10 years, is that people often struggle to sell or obtain a mortgage on their home. Their property rights can also be at risk if they fall behind on their rent.

Taylor Wimpey will also remove terms which had originally been ground rent doubling clauses but were converted so that the ground rent increased in line with the Retail Prices Index (RPI). The CMA believes that the original doubling clauses were unfair terms and should therefore have been fully removed, not replaced with another term that increases the ground rent.

The move comes after the CMA launched enforcement action against 4 housing developers in September 2020. These were Countryside and Taylor Wimpey, for using possibly unfair contract terms, and Barratt Developments and Persimmon Homes over the possible mis-selling of leasehold homes. As part of this action, the CMA has already helped thousands of leaseholders by securing commitments from Countryside and Persimmon, as well as from an investor in freeholds, Aviva.

Due to the CMA's action, affected Taylor Wimpey leaseholders will now see their ground rents remain at the original amount – i.e. when the property was first sold – and they will not increase over time. Taylor Wimpey has also confirmed to the CMA that it has stopped selling leasehold properties with doubling ground rent clauses.

Andrea Coscelli, Chief Executive of the CMA, said:

This is a huge step forward for leaseholders with Taylor Wimpey, who will no longer be subject to doubling ground rents. These are totally unwarranted obligations that lead to people being trapped in their homes, struggling to sell or obtain a mortgage. I hope the news they will no longer be bound into these terms will bring them some cheer as we head into Christmas.

Other developers and freehold investors should now do the right thing for homeowners and remove these problematic clauses from their contracts. If they refuse, we stand ready to step in and take further action – through the courts if necessary.

Of the four developers against whom the CMA opened a case in September 2020 three have now settled with the CMA. Only the investigation into Barratt Developments is still ongoing.

This is the kind of issue that could be resolved at pace and met with fines if the CMA receives the consumer powers that the Government is currently consulting on.

Secretary of State for Levelling Up Michael Gove said:

Unfair practices, such as doubling ground rents, have no place in our housing market – which is why we asked the CMA to investigate and I welcome their success in holding these major industry players to account.

This settlement will help to free thousands more leaseholders from unreasonable ground rent increases and other developers with similar arrangements in place should beware, we are coming after you.

We continue our work to protect and support all leaseholders and our legislation to restrict ground rents in new leases to zero will put a stop to such unfair charges for future homeowners once and for all.

As part of its review of the leasehold sector, the CMA is continuing to investigate two investment groups, Brigante Properties and Abacus Land and Adriatic Land, after it wrote to the firms earlier this year setting out its concerns and requiring them to remove doubling ground rent terms from their contracts. The CMA's investigation into Barratt Developments is also continuing.

For more information on the CMA's ongoing work in the sector and for future updates, visit the [leasehold case page](#).

1. These undertakings have been provided to the CMA voluntarily and without any admission of wrongdoing or liability. It should not be assumed that Taylor Wimpey has breached the law – only a court can decide whether a breach has occurred.
2. Where Taylor Wimpey has sold the freehold, and cannot remove clauses itself, then it will help get them removed at no cost to leaseholders. This will involve liaising with the current freeholder and making a financial contribution to the freeholder when the freeholder gives formal commitments to the CMA to remove the clauses.
3. Since April 2017, Taylor Wimpey has operated a Ground Rent Review Assistance Scheme to allow its customers with Doubling Clauses to vary their Leases to RPI-based ground rent.
4. For people who own, or are looking to buy, a leasehold property, [the CMA has produced written and video guidance](#), which offers advice on a number of issues, including what people can do when faced with fees and charges

they consider unjustified.

5. The remaining housing developer under investigation by the CMA is Barratt Developments over concerns about its sales practices in relation to leasehold properties. The investors under review who are freeholders of leases with less than 20 year doubling ground rents are Brigante Properties, Abacus Land and Adriatic Land. It should not be assumed that any of these firms have breached the law.
6. The main provisions of consumer protection legislation relevant to the CMA's concerns about ground rent terms are the Unfair Terms in Consumer Contracts Regulations 1999 (UTCCRs), for contracts entered into before 1 October 2015, and Part 2 of the Consumer Rights Act 2015 (CRA), for contracts entered into on or after 1 October 2015. The UTCCRs and Part 2 of the CRA aim to protect consumers against unfair contract terms, and require contract terms to be fair and transparent.
7. The main provisions of consumer protection legislation relevant to the CMA's concerns about mis-selling are the Consumer Protection from Unfair Trading Regulations 2008 (CPRs). The CPRs aim to protect consumers from unfair commercial practices such as the misleading provision or omission of information as part of sales processes.
8. As an enforcer under Part 8 of the Enterprise Act 2002, the CMA cannot currently impose administrative fines for breaches of this consumer protection legislation, but it can enforce the legislation through the courts, and where appropriate, obtain additional measures to improve consumer choice, drive better compliance with the law, or obtain redress for consumers. The Government is consulting on proposals to give the CMA new powers, including to impose fines for breaches of consumer protection law.
9. The CMA's investigation of potential mis-selling of leasehold properties has benefitted from the support of several local Trading Standards offices which have been the focal point for some consumers to raise their concerns.
10. All media enquiries should be directed to the CMA press office by email on [press@cma.gov.uk](mailto:press@cma.gov.uk) or by phone on 020 3738 6460.