

CMA requires Countryside and Taylor Wimpey to remove leasehold terms

In September 2020, the Competition and Markets Authority (CMA) launched enforcement action against 4 housing developers. These included Countryside Properties and Taylor Wimpey, for using possibly unfair contract terms, and Barratt Developments and Persimmon Homes over the possible mis-selling of leasehold homes.

The CMA has now written to Countryside and Taylor Wimpey outlining its specific concerns that their use of terms that double the ground rent every 10 or 15 years breaks consumer protection law.

As this increase is built into contracts, it means people can struggle to sell or mortgage their homes, and so find themselves trapped. These terms can also affect their property rights.

To address the concerns, the CMA is requiring the removal of ground rent terms which it thinks are unfair from all existing Countryside and Taylor Wimpey contracts to make sure they are no longer in breach of the law. The companies must also agree not to use the terms again in any future leasehold contracts.

Andrea Coscelli, CMA Chief Executive, said:

These ground rent terms can make it impossible for people to sell or get a mortgage on their homes, meaning they find themselves trapped. This is unacceptable. Countryside and Taylor Wimpey must entirely remove all these terms from existing contracts to make sure that they are on the right side of the law.

If these developers do not address our concerns, we will take further action, including through the courts, if necessary.

Housing Secretary Robert Jenrick said:

The Government asked the CMA to conduct this investigation. I strongly welcome their efforts to bring justice to homeowners affected by unfair practices, such as crippling ground rents, which have no place in our housing market. This behaviour must end and I look forward to appropriate redress being forthcoming for leaseholders.

The Government is pursuing the most significant reforms to leasehold in forty years, including by protecting future homeowners, restricting ground rents in new leases to zero and ending the use of leasehold in new houses altogether.

Countryside and Taylor Wimpey now have the opportunity to respond to the CMA's detailed concerns and avoid court action by signing formal commitments – known as 'undertakings' – to remove the ground rent terms from their leasehold contracts.

As part of its review of the leasehold sector, the CMA will also continue to investigate certain firms – such as investment companies – which bought freeholds from these developers and have continued to use the same leasehold contract terms. Its investigation into Barratt Developments and Persimmon Homes is also ongoing.

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.

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

Notes to editors

1. As an enforcer under Part 8 of the Enterprise Act 2002, the CMA cannot levy administrative fines but it can enforce the above 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.
2. 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) and Part 2 of the Consumer Rights Act 2015 (CRA). 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. Ultimately, only a court can decide whether a contract term is unfair.
3. The CMA has not yet reached a view on whether Barratt Developments or Persimmon Homes have been involved in any or all of the outlined practices.
4. People wishing to provide further evidence regarding the companies named can get in touch via email: leasehold@cma.gov.uk.
5. For further information please contact the CMA press office via press@cma.gov.uk or on 020 3738 6460.