

Leaseholders freed from costly contract terms

- Countryside Properties to strike out terms that mean ground rents double every 10 to 15 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
- This comes after Persimmon Homes offered leasehold house owners the opportunity to buy their freehold at a discounted price after the CMA probed their sales practices

Following CMA action, leaseholders with Countryside Properties will no longer be subjected to ground rents that double every 10 or 15 years.

Countryside Properties – 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 to 15 years, is that people often struggle to sell or mortgage their home and their property rights can be at risk, for example, if they fall behind on their rent.

Countryside will also remove terms which were originally doubling clauses but were converted so that the ground rent increased in line with the Retail Prices Index (RPI). The CMA believes the original terms were potentially unfair and should therefore have been fully removed, instead of being replaced with another term that still 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. The CMA has already secured [commitments from Persimmon and Aviva](#) as part of this action, helping thousands of leaseholders.

Due to the CMA's action, affected Countryside leaseholders will now see their ground rents remain at the original amount – i.e. when the property was first sold – and this will not increase over time. Countryside 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:

Leaseholders with Countryside can now breathe a sigh of relief knowing they will no longer be forced to pay these doubling ground rents. No one should feel like a prisoner in their home, trapped by terms that mean they can struggle to sell or mortgage their property. We will continue to robustly tackle developers and investors – as we have done over the past 2 years – to make sure

that people aren't taken advantage of.

Other developers, such as Taylor Wimpey, and freehold investors now have the opportunity to do the right thing by their leaseholders 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.

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.

Housing Secretary Robert Jenrick said:

We asked the CMA to investigate the use of unfair practices in the housing market, such as doubling ground rents – and I welcome their continued success in bringing justice to homeowners.

This settlement with Countryside will mean thousands more leaseholders are given the fair treatment they deserve and marks the third major agreement with leading UK developers and investors. I strongly urge others to follow suit and end these historic practices.

We will continue to support leaseholders who may have been mis-sold properties and our new legislation will put an end to this practice for future homeowners, by restricting ground rents in new leases to zero.

As part of its review of the leasehold sector, the CMA is continuing to investigate 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 and Taylor Wimpey is also ongoing.

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

Notes to editors

1. These undertakings have been provided to the CMA voluntarily and without any admission of wrongdoing or liability. It should not be assumed that Countryside has breached the law – only a court can decide whether a breach has occurred.
2. Where Countryside 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 where they give formal commitments to the CMA to remove the clauses.

3. 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.
4. The housing developers currently under investigation by the CMA are Taylor Wimpey, for using potentially unfair contract terms that double ground rents every 10 years, and Barratt Developments over the possible mis-selling of leasehold properties. The investors under review are Brigante Properties, and Abacus Land and Adriatic Land. It should not be assumed that any of these firms have breached the law.
5. 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.
6. 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.
7. As an enforcer under Part 8 of the Enterprise Act 2002, the CMA cannot 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.
8. 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.
9. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.