

Press release: £2 million in compensation for care home residents

The Competition and Markets Authority (CMA) welcomes Sunrise Senior Living Ltd's (Sunrise) decision to give money back to the vast majority of residents who paid such fees since 1 October 2015. This will apply to residents who have left or leave within 2 years of moving in to one of the company's care homes. If the resident unfortunately dies within this time, their family will receive the compensation.

The move comes as part of the CMA's ongoing investigation into how some care homes charge for their services. This uncovered that Sunrise's description of its upfront fee – running to several thousands of pounds per person – and how it would be used, was unclear. Moreover, prospective residents were having to pay out before they had secured a place at the home.

The CMA also raised concerns that the fee was non-refundable once someone had lived in the home for more than 30 days.

On top of individual pay-outs of £3,000 on average, Sunrise has provided legally-binding commitments to stop charging these upfront fees altogether for future residents. They have also agreed to abide by new CMA guidance about the charging of fees after a resident has died, which is soon to be finalised and published following a consultation.

George Lusty, the CMA's Senior Director for Consumer Protection, said:

Care home residents shouldn't be required to pay out thousands of pounds without being clear what they're getting for their money. So, it's only right that residents at Sunrise care homes will now receive compensation if they've paid these fees, and that future residents won't have to make such payments at all.

The CMA welcomes Sunrise's constructive engagement and co-operation throughout our investigation. We're now continuing our enforcement action against other care homes, and expect all homes to review their practices to make sure they aren't breaking consumer law. We will act if we find evidence that they are.

The CMA's ongoing [consumer law investigation](#) into fees charged by a number of care home providers has already led to one of the UK's leading care home providers – Maria Mallaband – [dropping a contract term](#) requiring the payment of one month's fees following the death of a resident.

It follows a [year-long study of the residential care home market](#), which made several recommendations to help prospective residents and their families better understand the options available to them, and ensure residents receive more effective consumer protection.

As part of this, the CMA is working on new guidance about the practice of charging families after a resident has died, and the standards of behaviour they should be meeting to comply with consumer law.

The CMA understands that Sunrise has already started the process of contacting individuals (or their families) who are eligible for an offer of redress. If you believe that you or your family member is eligible and have not been contacted you can contact Sunrise at EnquiriesCF@sunriseseniorliving.com.

Notes to editors

- A summary of the undertakings can be found on the [care homes case page](#).
- The CMA opened an investigation into a number of care homes providers in June 2017 due to concerns that some of the contract terms and/or practices they use may breach consumer law. The investigation is currently focused on charging of large, upfront fees and the requirement for fees to be paid for an extended period after a resident's death. The CMA also made clear that if it identified serious concerns regarding potential breaches of consumer law on these, or other issues, it might decide to open further investigations.
- Whilst those companies operating or controlling Sunrise homes have fully co-operated and constructively engaged with the CMA, and agreed to make changes voluntarily and speedily, the companies do not accept that Sunrise care homes' terms and practices breached the law. However, a decision has been made to settle on a compensation package and the companies have committed to stop charging large, one-off upfront fees to future UK residents. The final decision on whether a term or practice infringes the law rests with the courts and no such finding has been made in this case.
- The CMA plans to consult on comprehensive guidance for care homes on the standards of behaviour they should be meeting to comply with consumer law, this will include advice on large upfront payments. The CMA has already consulted on new guidance about the practice of charging families for extended periods after a resident has died. On both these issues, Sunrise had agreed to comply with the CMA's advice once finalised and published.
- Compensation will be offered to residents who paid Sunrise's Community Fee since 1 October 2015 – the date from which the CMA acquired its powers to secure financial redress – and remain in a UK Sunrise care home for less than 2 years. This includes the vast majority of residents who paid the fee and have already left or died, and going forward any current residents who leave or die within 2 years of moving in. Compensation will be calculated on a pro-rata basis depending on how

long the resident lived in the home and the size of the Community Fee they paid.

- Enquiries should be directed to press@cma.gsi.gov.uk or 020 3738 6460.