

# Press release: James Brokenshire announces industry pledge to crack down on toxic leasehold deals

- Leading property developers and freeholders including Taylor Wimpey and Barratt Homes sign government-backed pledge committing to free existing leaseholders trapped in onerous deals
- Plans to close the legal loopholes that force leaseholders to pay unjustified legal fees – saving tenants thousands of pounds
- Reforms to make retirement property fees more transparent – protecting vulnerable older people and their families

A new [industry pledge](#) to stop leaseholders being trapped in unfair and costly deals has been unveiled by the Communities Secretary, Rt Hon James Brokenshire MP, today (28 March 2019).

More than 40 leading property developers and freeholders, including big names such as Taylor Wimpey and Barratt Homes – have already signed the government-backed pledge, which commits them to doing away with onerous ‘doubling clauses’ that can result in ground rents soaring exponentially over a short period of time.

The freeholders who have signed have committed to changing the terms of leases for those who are affected. Other industry bodies such as managing agents have also put their names down, vowing to act fairly and transparently in their dealings with leaseholders.

Ministers have also today announced plans to close the legal loopholes that force leaseholders to pay unjustified fees when they take their freeholders to court over pernicious service charges. This includes consultation with industry on whether these changes should apply to existing leases too.

Under current rules, leaseholders who wish to take their landlords to court to challenge exorbitant fees or unfair hikes in annual charges also run the risk of being forced to pay their landlord’s legal fees. This applies even if the court rules in their favour – hitting some tenants with bills of tens of thousands of pounds.

Scrapping this loophole will reset the relationship between freeholders and leaseholders – stopping tenants being unfairly burdened with legal fees and ensuring they can access justice.

The Communities Secretary, Rt Hon James Brokenshire MP, said:

Since becoming Communities Secretary, I have repeatedly made clear my ambition to end those exploitative and unfair leasehold arrangements that have no place in a modern housing market.

The new industry pledge – signed by leading freeholders and property developers – will further support existing and future leaseholders by protecting them from onerous fees.

It's great news that leading names such as Taylor Wimpey and Barratt Developments have already signed up to the pledge, and I want to see others who have not yet signed up do the right thing.

Housing Minister Heather Wheeler MP said:

We want to make sure we have a leasehold system where people are able to challenge exorbitant rates and high service charges. It is unacceptable that the burden of legal fees – potentially running into tens of thousands of pounds – is preventing people from seeking justice.

The plans announced today will stop leaseholders from picking up the tab for unjustified legal costs – creating a housing market that truly works for everyone.

Richard Silva, Executive Director of Long Harbour said:

This pledge is a crucial first step towards positive change in the residential leasehold market and it reflects our commitment to eliminating bad practice from the market.

And to further protect leaseholders from excessive costs, older people and their families will be better protected across the retirement sector from unfair fees – sometimes called 'event fees' – charged in some leasehold retirement properties, where owners are required to pay extra charges when they become ill or die.

The measures announced today will stop older homeowners and their families being hit with surprise fees when they may least expect or be able to afford it, often when they are at their most vulnerable, such as following the illness or death of a loved one.

This is part of ongoing action by the government to reform and modernise the home-buying process and crack down on unfair practices in the leasehold market – helping to create a housing market that works for everyone.

Stewart Baseley, Executive Chairman of the Home Builders Federation, said:

The home building industry is committed to ensuring that leasehold is used appropriately and remains a safe and secure tenure for homeowners.

This pledge is a further demonstration of the industry's intent to

provide homebuyers with clarity, transparency and security ensuring that when used, the terms and conditions of leases are fair and proportionate.

Options are being explored to close the legal loophole and ministers will announce next steps in due course. This includes consultation with industry on whether these changes should apply to existing leases too. We will also raise awareness for how leaseholders can avoid paying their landlords legal fees through current legislation.

Pledge signatories include:

- Aquinna Homes
- Association of Residential Managing Agents (ARMA)
- Aviva Investors Global Services Limited
- Barratt Developments
- Bellway
- Bewley Homes
- Bovis Homes
- Churchill Retirement
- Consensus Business Group
- Countryside Properties
- Croudace Homes Group
- Davidsons Developments
- E & J Estates
- Estates & Management Limited
- Fairview New Homes
- Galliford Try
- Ground Rents Income Fund Plc
- Hill
- Home Builders Federation (HBF)
- Homeground Management Ltd
- Inland
- Landmark Investments
- Lioncourt Homes
- Long Harbour Ltd
- Mainstay Group Limited
- McCarthy and Stone
- Mears New Homes
- Miller Homes
- Millgate Developments (part of the Countryside Group)
- Morris Homes
- Nicholas King Homes
- Octagon Developments
- PegasusLife Group
- Persimmon
- PGIM Real Estate
- Redrow Homes
- Royal Institution of Chartered Surveyors (RICS)
- Spitfire Bespoke Homes
- St. Modwen Homes

- Stewart Milne Group
- Strata
- Taylor Wimpey
- Telford Homes
- Wallace Partnership Group Limited
- Wates Developments

The government has today announced its response to the Law Commission's report on event fees. The majority of the recommendations have been accepted which include:

- A new statutory code of practice which will ensure that these fees cannot be charged unexpectedly, while fees that breach it will be regarded as unenforceable.
- Developers and estate agents will be required to make all such fees crystal clear to people before they buy, so prospective buyers can make an informed decision before forming a financial or emotional attachment to a property.