

Speech: Council for Licensed Conveyancers conference 2019

Introduction

First, I want to thank Dame Janet Paraskeeva for inviting me to join you today – my first time as a government minister here with you.

One of the things I've loved about my role so far is the chance to work with people on some of the most important challenges that we face. Issues like housing and homelessness – issues that cut to the heart of who we are as a society.

When you become a minister, they give you a box. It's literally like the red box the Chancellor holds up on Budget day! And each day it's filled with statements, advice from policy officials and lots and lots of letters!

I don't think I'm betraying any confidences by telling you that a lot of those letters concern buying and selling houses...

... and in truth I'm yet to receive a letter congratulating me on their smooth and stress-free process!

It's hardly a surprise. A recent poll found that buying a house can be as stressful as a bankruptcy or a divorce. Or even a bereavement.

So many of the letters I receive frankly are heart-breaking.

The elderly couple who want to move closer to their children, only for the sale to fall through at the last minute, after they've sold their possessions and packed their bags.

Or the new parents who have lost precious money and time with their new-born because of a collapse in the chain.

I'm sure you've heard the stories, and no doubt a number of you have experienced it first-hand.

It has to change.

Working with Council for Licensed Conveyancers (CLC)

It's why this government has made a commitment to reform the process; to make buying and selling quicker, cheaper and less stressful.

And that's why I'm very grateful for the work of the Council for Licensed Conveyancers: protecting consumers, fostering competition and promoting innovation.

It's been a pleasure to work with you, and I'm grateful for all the support you've given me and my team, we really do work very closely together.

Because our plans, no matter how ambitious they are, can only succeed with the support of people like you.

People who understand the sector. People with first-hand experience of the challenges of the sector, day in and day out.

Challenges

And I'm under no illusion about those challenges.

Government research has shown that somewhere between a quarter and a third of all transactions fail.

This costs consumers around £270 million a year. That's hard-working families shelling out for surveys and searches on properties they won't even get to buy.

A survey carried out by the Royal Institution of Chartered Surveyors in October last year, showed it usually takes around 19 weeks from when you put your house on the market to when you actually complete on your new home.

To put that in context, if you put your home on the market today, you'll be lucky to get the keys to your new place by June.

That's a long time to put your life on hold.

Government action

No doubt a number of you are thinking: "We know, we don't need a minister to tell me the process isn't great".

You're quite right; you want to know what we're doing as a government.

We're working on a number of fronts to help bring about the change that we need.

I want to reassure you now, I don't believe driving down your fees is the solution.

Reducing the failure rate and those wasted costs remains the key, and the priority for this government.

Information: How to guides

That must begin with better information.

Buying and selling a house isn't an everyday process. In fact, last year Barclays found that, on average, people are only moving once every 19 years.

Under these circumstances, you can hardly expect buyers and sellers to be particularly savvy consumers or navigate the process with any confidence.

It's why in the spring, we'll be publishing our How to buy and How to sell guides – to help consumers navigate every stage of the process.

The guides will sit alongside our [How to rent](#) and [How to lease](#) guides, which we published last year.

Speeding up processes

But we recognise that there's more to do that we in government can be getting on with – that means putting on the pressure to speed things up where needed.

Last year, I wrote to all local authorities to set out our expectations that they will turn around property searches within 10 working days.

I'm pleased to see that, based on the latest data, more than 80% of local authorities are hitting this target. The quickest can turn searches around in under a day. Now that's what I call progress!

Because I think the chance to live in the house of your dreams shouldn't depend on which authority it happens to be in.

We still have a way to go to speed things up – especially where leaseholds are concerned.

Having a leasehold property in the chain can add at least an extra week, due to difficulties getting information from freeholders and managing agents.

As it stands, there aren't any guidelines around the provision of this information, leaving leaseholders at the mercy of freeholders, who can charge whatever they like and take as long as they like.

We're changing this, setting out a timetable and fees for providing this information.

This will also include a fee to update this information, as I know conveyancers begin to get nervous when data starts getting old.

Taken together, these changes will speed up the process.

Accountability

But it's not only about speed – we also need greater accountability.

Research from the Department for Business revealed that 70% of buyers and 66% of sellers thought their sale wouldn't go through to completion – even after the offer was accepted.

Too many people are walking on a tightrope from the moment they put in that offer.

Things can happen over 19 weeks that can genuinely scupper a move – and I wouldn't want to force anyone to move if they don't want to.

But I also don't want people pulling out without consequences, just because they've now decided they don't like the avocado bathroom suite.

When this happens, it can take a whole chain down.

That's why we're taking forward our work to develop a standard reservation agreement, working with the industry-led Home Buying and Selling Group.

We want to increase people's commitment by ensuring that they've got some skin in the game.

While an agreement can't compensate the emotional stress of a failed transaction, people should be able to recover their costs.

And there's no reason why this can't become standard practice; I believe the appetite is there.

Government research shows that 50% of buyers and 70% of sellers would have been prepared to enter into a legal agreement, if they had known it existed.

We're commissioning behavioural insight research to help us design an agreement that's supported by consumers and industry alike, and we'll be running a field trial later this year.

Consumer confidence

And with greater accountability should, I believe, come greater confidence.

Confidence that they're not going to be out on a limb, yes. But equally, confidence in their choice of professionals to help them with this important milestone.

Buyers choose the house, not the estate agent. But this shouldn't mean that they choose their conveyancer by default.

And while referral fees are an important feature of the industry and a way of reducing marketing costs and building business, I'm concerned about the current lack of transparency.

These concerns I know you share.

Consumers should always know they have a choice.

That's why we're changing the system, to ensure consumers know the amount of referral fees before they make any decision to purchase.

I've asked National Trading Standards to produce new guidance for estate agents, setting out how and when estate agents should disclose referral fees and this guidance will be published next month...

... and the ombudsman will be amending their guidance in the light of this advice.

I have provided the National Trading Standards Team with extra funding to support their efforts to ensure transparency and I have asked them to report back to me in 12 months.

I expect this to mean an end to excessive referral fees but if behaviour doesn't change, then I will look again at the case for a ban.

Competition and innovation

Because, the prize in our sights is a market that works for everyone.

A competitive, innovative and transparent market, where consumers have clear reasons to choose which firm they go with.

Technology also offers us a chance to think anew about the services on offer.

I'm old enough to remember when houses for sale were listed in the local paper.

But today, I know that there are lots of 'proptech' companies who are developing innovative ways to shake up the home buying process and speed up conveyancing.

And we want to help them, which is why we have been looking at whether we can streamline ID verification and make more use of electronic signatures in the homebuying process.

Because the days of people passively accepting what's on offer are long gone...

...and I'm looking forward to seeing how consumers feedback, interact and shape the tools we will come to use.

Conclusion

Ultimately, we not only want to protect consumers, we want to be their champion, because frankly, they deserve better than the current system allows.

And that is, I believe, an ambition we can all share.

I'm grateful for your invaluable advice and integrity, because only by working together can we build a better process...

...one worthy of (what is after all) one of life's biggest milestones: buying and selling your home.

And maybe, just maybe, some of the letters I receive in future will reflect that joy that comes from moving home: being closer to your children; more money to spend on your new baby.

But until then, we've got a lot of work to do!