

Thousands more leaseholders freed from rising ground rents

- Fifteen businesses to remove costly ground rent terms
- Over 3,400 leaseholders' ground rents will now remain at the amount charged when their home was first sold
- CMA Chief Executive says more housing developers to be put 'under the microscope' as investigation continues

Fifteen businesses which had bought freeholds from housing developer Countryside have now given formal commitments – known as undertakings – to the Competition and Markets Authority (CMA) to remove terms that cause ground rents to double in price. These terms, which kick in every 10 or 15 years, mean people often struggle to sell or obtain a mortgage on their leasehold home. Their property rights can also be at risk if they fall behind on their ground rent. The move comes after the CMA secured undertakings from Countryside in September 2021 to strike out terms that doubled ground rent every 10 to 15 years.

The businesses, which include investment firms and housing associations, will also remove terms which had originally been ground rent doubling clauses, but were converted so that ground rent increased in line with the Retail Prices Index (RPI). The CMA believes that the original doubling clauses were unfair terms and should therefore have been fully removed, not replaced with another term that 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.

After securing undertakings from Countryside to remove doubling ground rent terms from its contracts, the CMA turned its eye to businesses that bought Countryside freeholds and continued to use the same ground rent terms at the expense of leaseholders. The CMA wrote to these businesses, setting out its concerns and requiring them to remove these terms from their contracts.

Due to the CMA's intervention, thousands of leaseholders will now see their ground rents remain at the original amount – i.e. when the property was first sold – and they will not increase over time.

Andrea Coscelli, Chief Executive of the CMA, said:

“Thousands more leaseholders can now rest easy knowing they will not be forced to pay costly doubling ground rents. We believe these terms are unjust and unwarranted, and can result in people trapped in homes they are unable to sell or mortgage – a major cause of anxiety and stress for so many.

“We welcome the commitment from these businesses to do what is right by their

leaseholders by removing these terms, and we will hold them to it.

“While this is a huge step forward, our work here isn’t done. We will continue to work hard to free leaseholders from these problematic terms and will now be putting other housing developers under the microscope.”

Secretary of State for Levelling Up Michael Gove said:

“We are restoring fairness in the leasehold system and that’s why we asked the CMA to investigate unjust practices, such as doubling ground rent.

“I welcome their ongoing success in eradicating this unacceptable treatment of leaseholders from the housing market and freeing thousands from such inflated costs. Others must now follow suit, as our work to help all leaseholders continues.

“Homebuyers starting a new lease from this summer will now pay nothing in ground rent costs – setting the path to a more equal future for homeownership.”

As part of its ongoing review, the CMA is continuing to investigate 2 investment groups: Brigante Properties, and Abacus Land and Adriatic Land. While both firms have agreed to remove doubling ground rent terms from the leases they bought from Countryside, the CMA is seeking the same in relation to leases they bought from Taylor Wimpey. The CMA maintains that these terms must be removed. The CMA’s investigation into possible mis-selling by Barratt Developments is also continuing. Further updates will be made in due course.

For more information on the CMA’s ongoing work in the sector and for future updates, 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 any of the 15 businesses have breached the law – only a court can decide whether a breach has occurred.
2. The 15 businesses who have provided undertakings are:
 - Adriatic Land 3 Limited (part of the Abacus Land and Adriatic Land investment group);
 - Brigante Properties Limited;
 - Chris Allnutt and Company Management Limited;
 - Claycourt Limited;
 - Penult 101 Limited;
 - RMB 102 Limited;
 - SF Ground Rents No 15 Limited;
 - Great Places Housing Association;
 - London and Quadrant Housing Trust;
 - Mann Island Properties Limited;
 - Notting Hill Genesis;
 - Poplar Housing and Regeneration Community Association Limited;

- RG Reversions 2014 Limited;
 - Tapestart Limited;
 - Weathercourt Limited.
3. The CMA is in ongoing discussions with 2 remaining freeholders who bought freeholds from Countryside but have not yet signed undertakings: D.A.T.S. (Holdings) Limited and Wallace Estates. D.A.T.S. has agreed in principle to provide undertakings subject to finalising arrangements with Countryside.
 4. 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.
 5. In September 2021, [Countryside Properties signed undertakings](#) committing it to strike out terms that mean ground rents double every 10 to 15 years.
 6. In December 2021, [Taylor Wimpey committed](#) to remove doubling ground rent terms from their contracts and the CMA is engaging with businesses who bought freeholds from the developer to ensure they also strike out the terms.
 7. In June 2021, [Aviva committed to remove doubling ground rent terms, and Persimmon Homes committed](#) to offer leasehold house owners the opportunity to buy the freehold of their property at a discounted price.
 8. The remaining housing developer currently under investigation by the CMA is Barratt Developments over concerns about its sales practices in relation to leasehold properties. It should not be assumed that Barratt has breached the law. The CMA has not yet named the other housing developers set to come under review – it will do so once a formal investigation into a firm has commenced.
 9. The investors under investigation who are freeholders of leases – purchased from Taylor Wimpey – with less than 20-year doubling ground rents are Brigante Properties, Abacus Land and Adriatic Land. It should not be assumed that any of these firms have breached the law.
 10. 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.
 11. 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.
 12. As an enforcer under Part 8 of the Enterprise Act 2002, the CMA cannot currently 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. The government is consulting on proposals to give the CMA new powers, including to impose fines for breaches of consumer

protection law.

13. 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.
14. All enquiries from journalists should be directed to the CMA press office by email on press@cma.gov.uk or by phone on 020 3738 6460.
15. All enquiries from the general public should be directed to the CMA's General Enquiries team on general.enquiries@cma.gov.uk or 020 3738 6000.