

Clive Betts MP
Chair, Housing, Communities and Local
Government Select Committee
House of Commons
SW1A 0AA

From: Mr Andrea Coscelli
Chief Executive

Direct line: 020 3738 6286

Our ref: MP000536/2

14 May 2019

Dear Clive,

I write further to my letter of 1 April 2019, in response to your letter of 25 March enclosing a copy of the Committee's report into Leasehold Reform.

We acknowledge the significant concerns that the Committee has raised about leasehold mis-selling, and whether leasehold contract terms are unfair in relation to, for example, ground rent and permission charges.

We have therefore decided that we will investigate to see the extent of any mis-selling and onerous leasehold terms, including whether they might constitute 'unfair terms' as legally defined. We propose to use our consumer protection law powers as the most effective way of doing this, rather than by way of a 'market study' at this stage, which might in due course lead to our bringing enforcement proceedings if the evidence we uncover would warrant that. You will appreciate that at this stage, it would be premature to express a view on whether onerous leasehold terms (as defined by the Committee) in fact constitute unfair terms.

In commencing this work – and in concluding that this route is more appropriate than a 'market study' which is normally used to uncover the problems in a market and suggest reforms – we are conscious that considerable information gathering on the general problems in the market has already been done through the recent work of HCLGC, the APPG on Leasehold and Commonhold Reform, and others, and that proposals for market reform are already in progress at the Law Commission and in Government, including looking at enfranchisement. The work that the CMA would do on the legal position (under consumer protection law) is envisaged within that overall context, and as complementary to the reform work already under way.

Andrew and I look forward to discussing this further with you at our meeting on 11 June. I am also copying this letter to the Secretary of State for his information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Coscelli', written in a cursive style.

Andrea Coscelli
Chief Executive