
The Property Ombudsman Lettings Consumer Code of Practice Desktop Audit July 2024

Background information

The Ombudsman for Estate Agents (OEA) scheme was established 1 January 1990. The Property Ombudsman (TPO) operates multiple codes of practice covering residential sales, residential lettings, buying agents and property buying companies.

The name "The Property Ombudsman" came into being on 24 April 2009; the name change was made to reflect the broader jurisdiction in relation to complaints TPO deal with.

The Property Ombudsman has approval as an estate agency redress scheme under the Consumers, Estate Agents and Redress Act 2007. The Enterprise and Regulatory Reform Act 2013 requires all residential lettings agents to belong to an approved redress scheme. TPO has achieved approval of its scheme along with The Property Redress scheme.

TPO is authorised by CTSI (Chartered Trading Standards Institute) as an ADR (Alternative Dispute Resolution) provider. TPO is also approved as an Ombudsman by the Ombudsman Association.

Many lettings facilities are part of Sales Agents (see audit for Residential Sales Code of Practice).

Audit Process

A qualified Chartered Trading Standards Practitioner from CTSI completed the desktop audit.

The audit focused on the following areas:

- Advice to members, including general compliance and staff training
- Customer service provisions
- Consumer complaints process, including ADR
- Customer satisfaction and how this information is used to develop and improve the code
- Sanctions against members for non-compliance with the code

Audit Summary

At the date of the audit, there were 12,357 letting agents of which there were 8,269 companies with 4,088 branches (and for sales there were 13,800 member agents of which 8,693 were companies with 5,107 branches).

Member Application Process/New members

A small number of new applicant's documentation was examined. The process focuses on ensuring that prospective members understand their obligations and that they have all the necessary indemnities and insurances in place. There is also a photographic ID check and supporting invoice/utility bill.

Checks include:-

- Complete an Expelled TPO Director List Search
- Complete a postcode search on the database (ACT) to establish if they are already on the system
- Check status as limited company/sole trader and any VAT registration
- If they are a limited company, use the company registration number & visit <https://beta.companieshouse.gov.uk/> to check details match
- Check the agent has completed the tick boxes confirming they have the relevant documents, CMP and Professional Indemnity Insurance.

There were 619 new applicants to the scheme in the previous 12 months, making total number of full members dealing in residential lettings 12,357.

TPO continue to call businesses who fail the membership application criteria. Their shortcomings are discussed to see if the business can rectify this e.g. by increasing their PI insurance cover to increase consumer protection and qualify for membership.

The current 'Welcome Pack' includes copies of Consumer Guidelines and Codes of practice along with the TPO, CTSI and CCAS logos and is emailed to members upon joining.

A 'New Member Checklist' is also included in the Welcome Pack, which gives guidance on procedure and the documents needed for the smooth completion of the Compliance Survey.

Two member applications were supplied for the audit. The applications were reviewed and found to be satisfactory. The online presences for the two new members was also reviewed. One was found not to have a website, the other (despite the application being dated August 2033) is not showing either the TPO or CTSI logos.

Existing Member Inspections/Audit

TPO aim to complete 2000 audits, across both sales and lettings, per year which is approximately 8% of members. In the year to date, there have been a total of 1122 audits of members who were registered for either sales, lettings or both.

All audits are carried out remotely.

TPO review the agent's website and other company websites for the following:

- Correct TPO/CTSI Logo
- Internal complaints procedure available matching TPO time scales
- All branches registered
- Registered for Client Money Protection scheme with certificate displayed on website
- Information Commissioners Office registration
- HMRC Anti-Money Laundering registration where any rentals are over €10,000 per month

The selection of which members to audit is made at random via a data pull, manually adding any agents that have been brought to the attention of the Compliance Department in relation to a suspected non-compliance issue.

Agents are sent a detailed questionnaire to be completed within 21 days and returned with all supporting documentation, including photographs of shop fronts and displays of required certificates.

Reminders issued: deadline approaching one week before deadline; deadline passed; two weeks after the deadline with the final letter two weeks after this. A spreadsheet is maintained of received audits to enable reports to be run and to highlight non-compliance issues and to provide statistics for TPO Board of Directors.

A detailed review of the questionnaire and documentation is carried out, non-conformities are graded and colour coded and the agent is required to make corrective actions and provide evidence that corrective actions have been carried out within 28 days.

Membership Withdrawal and Sanctions for Non-Compliant Member Businesses

An automated email is sent to members who fail to renew their subscription detailing what must be done in relation removal of logos etc and how to reinstate membership.

In instances of non-compliance, sanctions are available ranging from warnings to expulsion. A letter is sent detailing actions required, which may direct the member to pay an amount to a consumer that has been awarded during a complaint adjudication. If the amount is not settled or no response received, a second letter is sent. If the matter is still not resolved, the member is expelled.

TPO provide the National Trading Standards Estate and Lettings Agency Team with a daily feed that includes details of all members that have ceased membership, a press release is published regarding the expulsion and Zoopla are informed.

A number of termination letters sent to members were examined. The terminations were for non-payment, resignations and failure to pay an award following a complaint.

Between July 2023 – July 2024, 1,071 full members ceased membership.

As of 5th July 2024, there are ten members in the TPO disciplinary process, eight are residential and two are residential sales

Marketing and Advertising by Member Businesses

TPO issues comprehensive branding guidelines to all their members, and all new members receive a pack of marketing and branding materials when they join the code. TPO and CTSI logos are supplied, with window stickers sent by post.

Member's websites are checked as part of the monitoring process, marketing and advertising is checked as part of the random compliance audit process, with shop front photographs checked for the correct use of logos.

Terms and Conditions and other Pre-Contractual Information

TPO no longer check this.

Customer Service Provisions

TPO complaints handling tool kits were developed after working with an industry working group, led by TPO, examining trends in complaint handling performance. The toolkits for Complaint Handling – England, Wales & Northern Ireland, Complaint Handling – Scotland and Complaint Handling – Residential Leasehold are available to download on the TPO website.

TPO has a dashboard for bigger corporate members to review their complaints, which are listed according to complaint type and branch.

The TPO has introduced training on consumer vulnerability for its staff. It is considering launching the training for members.

Consumer Complaints Process

There is a two-stage process.

- 1) Initial enquiry and advice and/or evaluation to see if there has been a potential breach of the code
- 2) Passed to the early resolution team for settlement, and escalated where necessary for adjudication

In 2023, the TPO saw a 30% overall increase in consumer enquiries, with 57,635 people seeking assistance. Tenants generated 61% of lettings enquiries where their most common request was for advice around repairs and maintenance.

Changes to the scheme's Terms of Reference having a positive impact. At the start of the process, a greater emphasis is placed on ensuring that fully completed complaint forms are received. TPO resolve around 30% of enquiries at the first stage, meaning issues were resolved at the earliest possible point, avoiding matters escalating into formal complaints. The self-service portal remains the most popular channel to seek advice and contact TPO since its launch in February 2020. Changes to the front-end enquiry function saw call waiting times reduced by 96% and response times for emails reduced from seven to three working days.

Customer Satisfaction and Feedback

Feedback on the services provided by TPO is captured via consumer surveys. The surveys are issued at various stages of TPO's processes.

- Stage 1- consumer enquiry
- Stage 2- early resolution (consumer & agent)
- Stage 3- complex complaint (consumer & agent)

Feedback for the services provided by TPO members who follow the approved codes is captured via platforms such as Trustpilot along with their social media channels.

Responses are reviewed as part of the process of regular code review.

TPO obtain customer satisfaction feedback of its own services by conducting surveys and provide the results to their board in their quarterly reviews. Consumers and members are asked about their experience after an enquiry or a resolution or final decision has been achieved. The responses help identify any service improvements.

In total 399 consumers and members responded to the surveys.

13% of consumers that used the Consumer Enquiry service said the advice and guidance provided resolved their issue.

62% of consumers stated TPO membership would be a contributing factor when choosing their next agent.

83% of respondents stated the dispute had been supported in whole or in part.

Conclusions

This is a long established and well-run code and continues to fulfil its obligations as a code sponsor.

There are planned changes to the Code, but they are currently on hold due to the political environment, upcoming changes and developments to various pieces of legislation. These changes can be actioned once the direction of the new government is known and they set out their policy direction.