

THE LAW COMMISSION

EVENT FEES IN RETIREMENT PROPERTIES

CONSULTATION ON DRAFT CODE OF PRACTICE PROVISIONS

September 2016

Introduction	2
Application and enforcement of the code	4
Chapter 1: Definitions	6
Chapter 2: When event fees may be charged	7
Chapter 3: Transparency: the freeholder's obligations	10
Chapter 4: Other provisions	15
List of questions	16

INTRODUCTION

EVENT FEES PROJECT: AN UPDATE

- 1.1 Some leases require the leaseholder to pay a fee on certain events, such as sale or sub-letting. These fees, which we call “event fees”, are common in specialist housing for older people, but rare in other residential leases. When the property is sold, the leaseholder may be required to pay between 1% and 30% of the purchase price or market value to the company that built and/or manages the property.
- 1.2 In 2013, a report by the Office of Fair Trading concluded that some of these fees, which they called “transfer fees”, were potentially unfair contract terms. They also drew attention to a lack of clarity in the legal framework.
- 1.3 In 2014, the Department for Communities and Local Government asked the Law Commission to investigate event fees. In October 2015, we published a consultation paper which received 168 responses.¹ In June 2016, we published a progress report.² It set out our initial policy conclusions and recommended next steps. We have three immediate priorities which we will complete by spring 2017:
 - (1) A single set of code of practice provisions on event fees to give guidance to the industry. These will be approved by the Secretary of State.
 - (2) The addition of an entry to the “grey list” in Schedule 2 to the Consumer Rights Act 2015. This entry will be for an event fee term in relation to which the relevant code of practice has not been complied with.
 - (3) The provision of guidance to estate agents on how to comply with their existing legal obligation to disclose event fees.
- 1.4 Over the summer we have consulted with stakeholders over a variety of drafts of the code. In some instances we have refined our thinking in response to those consultations.
- 1.5 Now we are consulting formally. This document is a consultation document on the attached set of draft code provisions relating to event fees.
- 1.6 The aim of this code is to protect consumers from demands for fees imposed by unfair or hidden contract terms.
- 1.7 Specifically, the code:
 - (1) Sets out the only circumstances in which event fees may be charged.

¹ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events (2015) Law Commission Consultation Paper No 226.

² Event Fees Progress Report (2016).

- (2) Imposes clear obligations on freeholders to ensure that transparent information about event fees is provided to prospective purchasers at an early stage.
 - (3) Creates best practice across the industry in relation to existing leases containing event fees.
- 1.8 When coupled with our change to the Consumer Rights Act 2015,³ our aim is to prevent freeholders from enforcing event fees if they have breached the code.
- 1.9 To respond to this consultation, please complete the response form (available on the project web page) and return it to us by **31 October 2016** at: event_fees@lawcommission.gsi.gov.uk or by post to:
- Ruth Keating
- Commercial and Common Law Team
- Law Commission
- 1st Floor Tower, 52 Queen Anne's Gate
- London SW1H 9AG
- 1.10 The response form can be found on the project web page under the heading "Consultations and related documents": <http://www.lawcom.gov.uk/project/event-fees-in-retirement-properties/>
- 1.11 If you would like to meet with us to discuss your views on the draft code, please contact us.
- 1.12 Once we have received and considered your views on the draft code, we will finalise the code and send it to the Secretary of State for approval under section 87 of the Leasehold Reform, Housing and Urban Development Act 1993. We discuss the consequences of this approval below.⁴

³ See para 1.3 above and paras 2.4 to 2.6 below.

⁴ See paras 2.1 to 2.11 below.

APPLICATION AND ENFORCEMENT OF THE CODE

APPLICATION OF THE CODE

- 2.1 We propose that the code provisions are approved under the procedure in section 87 of the Leasehold Reform, Housing and Urban Development Act 1993. The effect of such approval would be to require a court to take into account any relevant code provision, even if neither party is a signatory to the code.
- 2.2 The code will not apply retrospectively. It will take effect on the next sale of a lease. Therefore, it will not help consumers who are already obliged to pay an event fee on a future event and who may have suffered from poor practices in the past. However, we are persuaded that over time the code will create best practice in the industry which will provide increased transparency and certainty for all consumers.
- 2.3 In the consultation paper, we noted that some freeholders had provided undertakings following the investigation by the Office of Fair Trading.⁵ Our draft code proposals do not affect these undertakings, which will remain in force.

ENFORCEMENT OF THE CODE

How will the code be enforced?

- 2.4 In the progress report, we recommended that where there has been a breach of the code, the event fee should be presumptively unfair and unenforceable.⁶ We suggested that one way of doing this would be to add an entry to the “grey list” in Part 1 of Schedule 2 to the Consumer Rights Act 2015.
- 2.5 The grey list provides an indicative and non-exhaustive list of contractual terms in consumer contracts that may be regarded as unfair. Such terms are assessable for fairness, even if they are part of the contract price and meet the legal requirements for transparency and prominence.
- 2.6 In practice, when the code has not been complied with, we think that a court would be highly likely to find the event fee to be unfair. The consequences, in the main, would be that the consumer would not have to pay the event fee. Conversely, if developers have complied with the code they should be provided with the comfort that the event fee will be enforceable.

What happens to the sinking fund portion of the event fee?

- 2.7 An event fee may comprise several components. For example, some event fees include a portion of the fee for a sinking fund for the maintenance, repair or improvement of the estate.

⁵ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events (2015) Law Commission Consultation Paper No 226, paras 3.42 to 3.59.

⁶ Event Fees Progress Report (2016), para 1.41.

- 2.8 In practice, the operation of the grey list means that where the code provisions are breached, the entire fee, including any portion for the sinking fund, is likely to be found unfair.
- 2.9 Following consultation with stakeholders, we are aware that there are certain problems with making the sinking fund portion of an event fee unenforceable if the result is that other leaseholders suffer. Important maintenance of the development may not be carried out without the additional payment to the sinking fund. We have considered whether a solution may be to require the freeholder (who has breached the code) to top up the sinking fund. At first glance, this is an attractive solution. However, there is a risk that the freeholder may, as a result, increase the service charges payable by the leaseholders to compensate for any shortfall. Ultimately, the consumer and the other leaseholders may bear the brunt of the freeholder's breach of the code.
- 2.10 One possible solution is to amend Part 2 of Schedule 2 to the Consumer Rights Act 2015, which provides a list of qualifications to the grey list. We propose to add a qualification to Part 2, with the effect that the sinking fund portion of the event fee would remain enforceable despite a breach of the code provisions.
- 2.11 **Do consultees agree that the sinking fund portion of an event fee should be enforceable, regardless of whether there has been a breach of the code?**

CHAPTER 1: DEFINITIONS

BACKGROUND AND POLICY

- 3.1 We have previously emphasised the need for a broad definition of “event fee”. This will minimise the risk that developers draft terms which escape the proposed controls.⁷
- 3.2 In the draft code, we have amended the definition of “event fee” from the definition proposed in the consultation paper⁸ following responses from stakeholders. We have also included:
- (1) A reference to a leaseholder foregoing a benefit, for example the situation where a leaseholder must sell the property back to the freeholder, foregoing any equity uplift.
 - (2) The situation where the practical effect of the event fee is to oblige the leaseholder pay the fee, even if the legal onus to pay the fee is on another party. For example, this would include a term which allows the leaseholder to sell the property to whomever they wish, but which obliges the purchaser to pay the landlord a fee.
- 3.3 Fees which are for a sinking fund for the maintenance, repair or improvement of the estate (sometimes called “contingency fees”) will come within the proposed definition. We address the proposed enforceability of such fees above.⁹
- 3.4 **We welcome comments on the definitions generally.**

⁷ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events (2015) Law Commission Consultation Paper No 226, para 3.62.

⁸ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events (2015) Law Commission Consultation Paper No 226, para 3.64.

⁹ See paras 2.7 to 2.11 above.

CHAPTER 2: WHEN EVENT FEES MAY BE CHARGED

BACKGROUND AND POLICY

- 4.1 In the progress report we explained that event fees may be a useful way to defer payment, allowing specialist housing to be built and providing more options for older people.¹⁰ However, urgent action is required to increase transparency of event fees so that consumers appreciate their financial consequences. We propose measures to increase transparency in Chapter 3 of the draft code.
- 4.2 But transparency is not sufficient to protect consumers in certain circumstances. In many leases, the event fee is payable on sub-letting as well as on sale. This raises the possibility of a leaseholder paying an event fee multiple times, in circumstances which are likely to be beyond their contemplation at the time they purchased the property. For example, if a leaseholder moves into a care home, and is unable to sell their retirement property, it may be necessary to sub-let the property. Currently, in those situations, the entire event fee would be payable on sub-letting and again on the eventual sale of the property. We think that this would be unfair.
- 4.3 However, the practical effect of sub-letting is to delay the sale of the property, depriving the freeholder of an event fee payable only on sale. This means that any business model that depends on the payment of event fees at regular intervals could be circumvented by extensive sub-letting.
- 4.4 That being the case, we consider that controls are required which strike a balance between the interests of the leaseholder and the freeholder. The freeholder should not be deprived of an event fee which they could reasonably expect. But neither should they obtain a windfall. The overarching policy is that where there is a significant delay in selling the property, depriving the freeholder of the event fee as expected, proportionate event fees should be payable.
- 4.5 Our policy is also that no event fee shall be payable when there is a change of occupancy, such as when a carer or partner moves in.¹¹ We have, however, distinguished the case where an heir moves into the property following the leaseholder's death from the case where the person is living with the resident, for example as their carer or partner, and inherits an interest in the property. In the first case, which we think is analogous to sub-letting, a fee can be charged. In the second case, a fee cannot be charged.

¹⁰ Event Fees Progress Report (2016), paras 1.22 to 1.25.

¹¹ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events (2015) Law Commission Consultation Paper No 226, para 12.22.

PROVISIONS

Sale of the property

- 4.6 Under the draft code, an event fee may be charged when a leasehold property is sold, provided that the transparency requirements in Chapter 3 are met.

Sub-letting

- 4.7 We have explained above that a balance should be struck between the interests of the leaseholder and the freeholder.
- 4.8 First, we think that an event fee on sub-letting should not be charged when the property remains the leaseholder's only or principal home. In these circumstances the freeholder is not being deprived of an event fee which they could reasonably expect.
- 4.9 Secondly, when the leaseholder sub-lets the property, and it is no longer their only or principal home, the freeholder may charge an event fee, subject to a prescribed cap.
- 4.10 The prescribed cap is defined in Appendix B to the draft code. As indicated above, the event fee paid on sub-letting should be proportionate.¹² Using the formula in Appendix B, the event fee payable every year on sub-letting will be no more than one-tenth of the event fee that would be payable on sale.
- 4.11 Not all models make event fees payable on sub-letting. Whether an event fee is chargeable on sub-letting will depend on whether the event fee is a flat percentage rate or whether it increases periodically and, if so, whether there is a maximum rate. Under the new provisions:
- (1) Where the event fee payable on sale is a flat percentage rate, such as 1% of the purchase price, an event fee may be charged on sub-letting subject to the prescribed cap.
 - (2) Where the event fee payable on sale is a percentage rate that increases periodically up to a maximum rate, no event fee may be charged on sub-letting until the maximum rate has been reached. An example of such an event fee is 1% of the purchase price, increasing by 1% each year of ownership, up to a maximum of 10%. Only once the maximum rate of 10% has been reached, may an event fee be charged on sub-letting. Again, this would be subject to the prescribed cap.
 - (3) Where the event fee payable on sale is a percentage rate that increases periodically, with no maximum rate, no event fee at all may be charged on sub-letting.
- 4.12 **Our proposals for the prescribed cap are based on event fee models which use a percentage rate. We welcome consultees' views on how the prescribed cap would operate when the event fee model is based on an equity uplift model.**

¹² See para 4.4 above.

Change of occupancy

4.13 The draft provisions on change of occupancy distinguish two scenarios:

- (1) Where the resident dies and a person subsequently enters into occupancy of the property. We think that this is akin to sub-letting property. Under the draft code, an event fee may be charged, subject to the prescribed cap in Appendix B, and subject to (2) below.
- (2) However, the event fee must not be charged where the resident dies and:
 - (a) A person was living in the property as their only or principal home with the resident; and
 - (b) That person inherits an interest in the property.

CHAPTER 3: TRANSPARENCY: THE FREEHOLDER'S OBLIGATIONS

BACKGROUND AND POLICY

- 5.1 A major problem with event fees is that they are often disclosed too late in the purchase process for the consumer to take account of the fee in their decision to purchase a property. When a consumer discovers the existence of an event fee, they may fail to appreciate its financial consequences. For example, when a consumer buys a property for £250,000, an event fee of "1% for each year of residency" may seem innocuous. However, when the consumer sells the property after ten years for £300,000, they may be shocked to discover that they owe the freeholder £30,000.
- 5.2 We think that increased transparency at an early stage is the key to protecting consumers from being taken by surprise in these sorts of situations. The Consumer Protection from Unfair Trading Regulations 2008 already impose important duties on businesses involved in the sale of retirement properties but these need to be more widely known and understood.

PROVISIONS

- 5.3 Chapter 3 of the draft code puts responsibility on the freeholder, as the recipient of the event fee, to provide information about event fees at an early stage. The draft code imposes obligations on freeholders in two situations.
- 5.4 The first situation is when the property is sold through the freeholder. This is a comparatively straightforward scenario. The draft code provides that:
- (1) Event fees should be mentioned in any advertisement for the property which contains information about price in accordance with the Consumer Protection from Unfair Trading Regulations 2008.
 - (2) The freeholder must provide a disclosure document to the consumer at an early stage. We explain the requirements of that document below.¹³ The draft code outlines the freeholder's obligations as to the timing, content and format of the disclosure document.

¹³ See paras 5.6 to 5.15 below.

5.5 However, not all retirement properties are sold through the freeholder. Some are sold by the leaseholder, or their estate, through an estate agent. This is the second situation in which the draft code imposes obligations on the freeholder. This situation is less straightforward than a direct sale by the freeholder. The estate agent may not be aware whether event fees apply to the property, or even that it is a retirement property. The freeholder may not be aware that the property is for sale. In that scenario, we have proposed the use of an online database, which we discuss below.¹⁴

The disclosure document

5.6 The consultation paper proposed that prospective buyers should be given a disclosure document containing key information about event fees at an early stage in the purchase process.¹⁵ This proposal was generally supported by consultees, with 38 of 44 responses (86%) in agreement.¹⁶

5.7 We propose that every time a property is sold, a disclosure document should be provided in the standard format at Appendix C to the draft code.¹⁷ We have considered whether a developer should be able to provide its own bespoke disclosure document and have decided against this. A consumer may be interested in more than one property when buying a retirement property. The disclosure document provided for each property should be in the same format to facilitate comparison between properties.

5.8 Do consultees agree that the disclosure document should be standardised to facilitate comparison of properties?

5.9 A given property may be subject to multiple event fees. For example, there may be a transfer fee, a contingency fee for the sinking fund and a selling service fee for the freeholder's (mandatory) estate agency services on resale. The disclosure document must disclose all elements of the overall event fee so that a consumer can see the total event fee for the property, and how it is comprised.

5.10 The disclosure document should also contain a worked example based on the proposed purchase price of the property. This would include:

- (1) The percentage rate of the event fee at standard intervals. This will show a consumer that the percentage rate of an event fee may increase over time.

¹⁴ See paras 5.16 to 5.22 below.

¹⁵ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events (2015) Law Commission Consultation Paper No 226, paras 12.37 to 12.38.

¹⁶ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events, Summary of Responses to Consultation Paper (2016), paras 4.89 to 4.90.

¹⁷ It is currently a simple Word document, however, when the code provisions are finalised it will be professionally designed.

- (2) The estimated amount of the event fee based on rates of annual property price inflation. We have included positive, neutral and negative property price inflation rates. We have heard from stakeholders that the values of retirement properties sometimes decrease. There is also a wide variety in how different fee models apply in the context of falling property prices. In most models, the event fees are lower when the property price falls. However, in some models we have seen, such as where the fee is calculated on the purchase price or market value, whichever is the higher, this is not the case. Therefore we think it is important to include a negative price inflation rate in the worked example. This means that a consumer will be aware that even if the property's value decreases, they may still be liable to pay a substantial event fee. We have included a statement that the rates of property price inflation are indicative only.
- 5.11 We have chosen the property price inflation rates of 5%, 0% and -5%. We are aware that this range of rates may be considered extreme and welcome consultees' views on this point.
- 5.12 **Do consultees think that the current range of property price inflation rates in the worked example, 5%, 0% and -5%, are appropriate? Alternatively should these rates be changed to 3%, 0% and -3%?**
- 5.13 During our consultations, stakeholders suggested that additional information could be added to the disclosure document including:
- (1) Information about other fees, such as service charges and ground rent.
 - (2) Information about age restrictions and the requirement to be interviewed.
 - (3) A short explanation of event fees.
 - (4) A second worked example based on sub-letting the property.
- 5.14 We have not included this information because we think it is important to keep the length of the disclosure document to one page to avoid "information overload". However, we acknowledge that there is a danger that the consumer may believe that the disclosure document shows the totality of the fees payable on the property. Therefore, we propose that the disclosure document should include the following sentence:
- "You should also ask the landlord about other charges such as service charges, ground rent and sub-letting fees, which may apply in addition to event fees on sale."
- 5.15 **We welcome consultees' views on:**
- (1) **Whether consultees agree that the disclosure document should be no longer than one page to avoid "information overload";**
 - (2) **Whether the proposed wording that the consumer should ask the freeholder about other charges is sufficient;**

- (3) **Whether we should include a simple explanation of event fees in the disclosure document;**
- (4) **Whether we should include a second worked example based on sub-letting the property; and**
- (5) **Whether consultees consider that equity uplift models for event fees can be provided in the same format and, if so, how.**

An online database

- 5.16 As discussed above, where a leaseholder sells a retirement property through an estate agent, there may be challenges in ensuring that the consumer is provided with information about event fees.¹⁸ The consultation paper proposed that one way to make information about event fees available to estate agents would be to require the freeholder to establish an online database of properties with such information.¹⁹ We received 44 responses, of which 17 (39%) agreed with this proposal and 18 disagreed (41%).²⁰
- 5.17 We think that an online database is one way of providing information to estate agents and consumers about event fees. A possible conduit of that information is the information and advice charity, Elderly Accommodation Counsel, which has offered to host the information.
- 5.18 **We welcome views on whether the use of the Elderly Accommodation Counsel website as an online database to host event fee information raises any practical issues.**
- 5.19 We have heard from some stakeholders who do not want information about their event fees on an online database. We suggest, as an alternative, that to satisfy transparency requirements the freeholder must either:
- (1) Provide information to an online database about the event fees for each property; or
 - (2) Provide contact details to an online database so that an estate agent can contact the freeholder for the information about event fees. The freeholder would have an obligation to provide the disclosure document to the estate agent within two working days.
- 5.20 We understand that there may be concerns that estate agents may not be aware of the database. We are collaborating with the Property Ombudsman and the National Association of Estate Agents to develop guidance and training to raise awareness of event fees, estate agents' obligations and the database among estate agents.

¹⁸ See para 5.5 above.

¹⁹ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events (2015) Law Commission Consultation Paper No 226, paras 12.66 to 12.74.

²⁰ Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events, Summary of Responses to Consultation Paper (2016), para 4.138.

- 5.21 Where an estate agent fails to inform a consumer about the event fee on a particular property, the consumer's solicitor or conveyancer should tell them about the event fee when advising on the lease. Although we consider that this is too late in the purchase process,²¹ it does provide a safety net. At that point, if the consumer decided not to proceed with the purchase, they would be entitled to ask the Property Ombudsman for redress.
- 5.22 **We welcome views on whether solicitors or conveyancers should be required to provide the disclosure document as a matter of course when acting on a conveyance of a retirement property.**

Beneficiaries of an estate

- 5.23 Stakeholders have told us that even where a consumer has been made aware of an event fee, difficulties sometimes arise when it comes to enforcing the event fee following the leaseholder's death. When the property is sold, the event fee may come as a surprise to the beneficiaries of the consumer's estate.
- 5.24 We have not included an obligation on the freeholder to inform the potential beneficiaries of an estate about an event fee in the draft code. In practice, it may be that a leaseholder is likely to share information about their retirement property with the potential beneficiaries of their estate. However, this will not always be the case.
- 5.25 **We welcome views on whether and by what means potential beneficiaries of an estate could be made aware of an event fee on a retirement property.**

²¹ See para 5.1 above.

CHAPTER 4: OTHER PROVISIONS

BACKGROUND

- 6.1 In Chapter 3 of the draft code we outline the freeholder's obligations. As previously indicated,²² we think that these obligations should be enforceable through the operation of the grey list in Schedule 2 to the Consumer Rights Act 2015. In Chapter 4, we have included provisions which do not themselves impose obligations on the freeholder but which are enforceable by other means, such as through the Consumer Protection from Unfair Trading Regulations 2008, as explained below. We have also included best practice provisions.

ESTATE AGENTS

- 6.2 Estate agents are subject to the Consumer Protection from Unfair Trading Regulations 2008. These require them to disclose the event fee in any marketing communication where the purchase price is stated. An agent who fails to do this breaches the Consumer Protection from Unfair Trading Regulations 2008 and commits a criminal offence. Additionally, they may be liable to pay compensation of up to £25,000 for breach of the Property Ombudsman's Code of Practice for Residential Estate Agents.
- 6.3 We look forward to working with The Property Ombudsman and the National Association of Estate Agents to develop guidance and training to raise awareness of event fees and estate agents' obligations.

FREEHOLDERS

- 6.4 We think that the freeholder should keep a copy of the information provided to the Elderly Accommodation Counsel or to an estate agent as a matter of best practice. This will enable the freeholder to prove that they have fulfilled their transparency obligations.

RESERVE OR SINKING FUND FEES

- 6.5 In the progress report we recommended that event fees that are solely for the maintenance, repair or improvement of the estate should be subject to a statutory trust.²³ These fees are often known as "contingency fees".
- 6.6 Often freeholders voluntarily hold this money on trust for the benefit of leaseholders. However, we think that this should become a legal requirement. In the progress report we noted that this recommendation would require primary legislation and would therefore be a long-term objective.
- 6.7 In the meantime, we think that holding this money on trust for the benefit of leaseholders is, in any event, a requirement of best practice.

²² See paras 2.4 to 2.6 above.

²³ Event Fees Progress Report (2016), paras 1.50 to 1.53.

LIST OF QUESTIONS

This consultation is open to the general public. We ask for responses to the following questions.

ENFORCEMENT OF THE CODE PROVISIONS

- 7.1 Do consultees agree that the sinking fund portion of an event fee should be enforceable, regardless of whether there has been a breach of the code? (2.11)

DEFINITIONS

- 7.2 We welcome comments on the definitions generally. (3.4)

WHEN EVENT FEES MAY BE CHARGED

- 7.3 Our proposals for the prescribed cap are based on event fee models which use a percentage rate. We welcome consultees' views on how the prescribed cap would operate when the event fee model is based on an equity uplift model. (4.12)

THE FREEHOLDER'S OBLIGATIONS

- 7.4 Do consultees agree that the disclosure document should be standardised to facilitate comparison of properties? (5.8)
- 7.5 Do consultees think that the current range of property price inflation rates in the worked example, 5%, 0% and -5%, are appropriate? Alternatively should these rates be changed to 3%, 0% and -3%? (5.12)
- 7.6 Do consultees agree that the disclosure document should be no longer than one page to avoid "information overload"? (5.15)
- 7.7 Do consultees agree the proposed wording that the consumer should ask the freeholder about other charges is sufficient? (5.15)
- 7.8 Do consultees think that we should include a simple explanation of event fees in the disclosure document? (5.15)
- 7.9 Do consultees consider that we should include a second worked example based on sub-letting the property? (5.15)
- 7.10 Do consultees consider that equity uplift models for event fees can be provided in the same format and, if so, how? (5.15)
- 7.11 We welcome views on whether the use of the Elderly Accommodation Counsel website as an online database to host event fee information raises any practical issues. (5.18)
- 7.12 Do consultees think that solicitors or conveyancers should be required to provide the disclosure document as a matter of course when acting on a conveyance of a retirement property? (5.22)

- 7.13 We welcome views on whether and by what means potential beneficiaries of an estate could be made aware of an event fee on a retirement property. (5.25)

ASSESSING THE IMPACT OF REFORM

- 7.14 In addition to our questions on the draft code provisions, we welcome views on the impact of the proposed reform.
- 7.15 Do consultees agree that our proposals will increase consumer confidence in the specialist housing market? If so, what effect might this have on the market?
- 7.16 Do consultees think that following our proposals, event fees which comply with the code of practice will have sufficient legal certainty to meet the standards required for secured lending?
- 7.17 We welcome evidence on the effect which removing the current legal uncertainty over event fees may have on the volume of lending available.