

Meeting held 2:30pm on Monday 10th February 2014

Sir Peter Bottomley MP, The Peverel Group, Carlex & Leasehold Knowledge Partnership

In The Wilson Room - House of Commons

- i) Attendees: Sir Peter Bottomley MP (PB), Janet Entwistle Chief Executive of The Peverel Group (JE), Rebecca Bridle Head of Communications for The Peverel Group (RB), Sebastian O' Kelly Chairman of Carlex and Co-director of Leasehold Knowledge Partnership (SOK), Martin Boyd Director of Leasehold Knowledge Partnership (MB)
- ii) Also present was Katherine O' Riordan (KOR) Senior Parliamentary Assistant to Sir Peter Bottomley

1/ PB expressed his interest in the leasehold sector. He wants to stop lawyers and professionals providing bad advice to inexperienced and sometimes vulnerable leaseholders/trustees and in some circumstances embroiling them in costly litigation and/or lengthy disputes. He is also seeking to keep unnecessary leasehold matters away from the Leasehold Valuation Tribunal and believes unprofessional and improper conduct should be dealt with by the professional standard bodies of professions involved in the sector such as bankers, surveyors, accountants and lawyers. He gave the Tchenguiz Group and their dealing with Charter Quay as an example of improper conduct.

2/ JE declared she is an ex-lawyer. PB declared KOR was a solicitor. JE explained she was not a property lawyer and was in full agreement to having recognised sensible, independent dispute resolution mechanisms since this is an area of legal complexity. JE stated the LVT process can be ineffective.

3/ JE explained that Peverel have offices in Scotland where there are strong independent dispute resolution schemes in place that are highly effective. PB requested information from JE on the scheme in Scotland. JE agreed to forward this to PB.

4/ JE explained The Peverel Group does not own properties; they are property managers since 2007 when The Tchenguiz family split the business and sold assets to raise funds. JE mentioned a matter brought up in a meeting with Mark Prisk - where does the OFT go to investigate an environment which is effectively being sold-on to generate a high income stream which freeholders have then borrowed on since the OFT only looks at private residential not attached commercial interests. JE suggested they should look into both since they are linked. JE stated the OFT should look into commercial and social property as all as linked.

5/ PB wanted to know who provides good cost effective property management services where leaseholder interests are taken into account. JE stated these are not provided for within legislation. PB provided an example involving an insurance case (in this particular circumstance it was a non Tchenguiz case) where a freeholder acted negligently and breached their duty towards leaseholders.

6/ PB asked JE how Peverel fit into the ARMA-Q process and asked if Peverel's commissions are disclosed? JE confirmed commissions are disclosed. JE confirmed that

Peverel did not rule out joining ARMA-Q whose processes come into force at the beginning of 2015.

7/ JE stated people should disclose what their income streams are however, the problems with commissions are there are lots of other income streams involved. The insurance sector and FCA structures do not have processes to take other income streams into account

8/ MB asked JE by example - if a landlord is choosing to arrange insurance from the company she manages does she have a way of disclosing the commissions generated from that arrangement. MB asked JE to confirm if she is able to disclose the commissions generated from the insurance brokers or insurance companies taken on behalf of the landlord JE stated she only arranges the insurance and has no control over what the landlord declares.

9/ PB asked MB can the OFT assert that landlord and insurance brokers must declare commissions or that insurance companies must? MB stated in a recent meeting with the FCA they stated it all comes under ICOBS. The current rules prevent insurance companies and landlords from avoiding commissions.

10/ PB recommended a possible All Party Parliamentary Group should require a way for information to be made available. JE stated perhaps the OFT study could be the scope of this. JE explained insurance fees make up a large percentage of services charges. The management fee is a much smaller percentage of the charge. People complain to management companies that their service charge is excessive. The processes should be more open and transparent and be regulated under one body.

11/ PB stated some freeholders appear to think they have a right to an income stream. He explained that clearly they would have a right to ground rent; PB was unsure what other income streams they have a right to? JE explained it often depends on what is contained in the lease and any agreements between the freeholder and resident. PB asked JE is there any reason these fees should be more than the additional costs. JE responded this is an area where landlords can charge additional fees.

12/ JE expressed people are not informed properly at the point of purchase which is crucial with regards to leaseholders acknowledging their obligation to pay service charges in accordance with the terms of their lease.

13/ JE stated taking legal action is not a general approach taken by Peverel. They would only intervene in such circumstances where conduct and/or commentary posted on the websites amounted to causing distress to residents or is abusive to particular individuals or individual staff members. JE agreed to participate in dialogue and engage with regards articles and comments on the websites as well as attend meeting at HoC and/or forums to keep any dialogue open. JE stated she was happy to share her knowledge, information, experiences and views on leaseholder matters.

14/ SOK raised the issue of house manager flat sales and said that it was accepted by Peverel that its claim to ownership of these flats were open to challenge as some were owned by Peverel and some were not. JE was confident that Peverel had only sold flats that lawfully belonged to them.

15/ MB asked JE did she have a shareholding in the Peverel Group. JE confirmed her shareholding in Peverel was small in accordance with her remuneration package.

16 / With regards the OFT findings on Cirrus collusive tendering for door entry systems, JE stated she believed it reasonable to make a 10% “goodwill” payment for each installation. Payment had been made to the affected sites’ contingency funds. MB asked JE to confirm that such payments would not be required to be accepted by pensioners as a full and final payment. JE confirmed this payment was not in full and final settlement therefore acceptance by the pensioner would not be required since the payment was a “goodwill” payment.

17 / PB stated it seemed most unlikely such a system would have operated without the intention of providing an advantage to those participating. JE expressed how sorry she was for what happened and asserted a lot of the work was bespoke to individual properties. She was confident no further sites would emerge as having been affected by collusive tendering and expressed that if she was contacted with regards individual cases who considered they had been overcharged and the “goodwill” payment was not sufficient, she would be willing to look at each of these cases.

18/ SOK stated that LKP/CARLEX had been contacted by at least two other sites who were not in the OFT findings. JE confirmed no member of Peverel staff involved directly in the collusive tendering scheme was still employed by Peverel.

19/ JE further asserted that no individuals linked to the ‘bid rigging’ are employed within the Peverel Group. SOK stated that Andy Davey was still working within the Peverel Group.

PB thanked all attendees and for their time and participation.

Meeting concluded 3:49pm