

Jo Swinson MP

Minister for Employment Relations and
Consumer Affairs

Our ref: AR/307579JSPO

Mr Mark Hayward
President, National Association of Estate Agents

mark@nfopp.co.uk

6 October 2012

Dear Mark,

Thank you for your letter of 21 August to Norman Lamb MP, about consultation on amendment to the Estate Agents Act 1979. I am replying as the matter you have raised falls within my Ministerial portfolio and apologise for the lengthy delay in doing so.

By way of background to the proposal and consultation, you will be aware that in February 2010 the Office of Fair Trading (OFT) published a market study into the home buying and selling market. The study found that the market was dominated by traditional estate agents whose business practices and charging structures had remained largely unchanged over the years. Price competition between traditional estate agents remained weak and commission rates were "sticky" – as property prices rose during the booms, in real terms, so did estate agents' fees.

The OFT believed that the best way to tackle the lack of price competition was to encourage new business models which might provide choice and put pressure on traditional models. The market study argued that the very broad definition of "estate agency work" in Section 1 of the Estate Agents Act meant that a wide range of activities were potentially in scope even where they were not traditional activities of an estate agent and did not pose risks to consumers. The OFT recommended to Government that legislation be updated.

Subsequently as part of the Government's Red Tape Challenge process, which seeks to ensure that our regulatory system is fit for purpose and is not holding back disruptive new companies, a targeted consultation on the proposal was launched on 8 June and closed on 10 August 2012.

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I hope this reply is helpful and that it addresses your concerns and those of your members.

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

JO SWINSON MP