

Calling time on Property Management sharks through Right to Manage

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Leasehold flat-owners can heave a sigh of relief since the introduction of new rules enabling them to dismiss incompetent and dishonest Managing Agents. However, the process is dependent on proactive leaseholders asserting their rights. Awareness is the key to fighting back against those sharks in the property management industry.

There are thousands of Property Management Company's in the United Kingdom, all of which fall into three categories: 'the good', 'the bad' and 'the ugly'. 'Good' managing agents keep their standards high and clients happy by regularly attending training courses, maintaining routine inspections and maintenance programmes and simply by not overcharging on buildings' insurance and other expenses. 'Bad' managing agents have insufficient understanding of leasehold legislation and do not understand what is expected of them nor how to achieve a satisfactory level of competence. 'Ugly' managing agents understand all too well what is expected of them yet are set on exploitation and are responsible for appalling management practices. These are the sharks of the industry.

Until recently, the instruction and removal of managing agents remained the vanguard of the freehold owner of the property (the freeholder). Even if leaseholders were considerably unhappy about the way in which their property was being managed, there was next to nothing they could do about it without the freeholder's intervention.

Many critics have argued that the government should act to regulate the industry and prevent such abuses from occurring. Indeed the ODPM's Select Committee in 2003 suggested that selective licensing might serve to raise standards throughout the sector. Other recommendations have been to set up an independent regulatory body with powers to suspend or ban offending culprits.

The effectiveness of either depends on what checks are carried out, how complaints are investigated and the sanctions imposed. Ultimately, the difficulty would be to obtain sufficient evidence against the company to justify the imposition of sanctions. Furthermore, licensing arguably impedes small companies establishing their property management foothold thus causing a healthy competitive market to stagnate.

The answer may not lie with regulation or licensing at all. Since the introduction of the new Right to Manage rules, flat-owners are now free to decide whether they want to dismiss their managing agents and either appoint an alternative or manage the property themselves.

Pro-Leagle

Property Management

Right to Manage

Collective Enfranchisement

Lease Extension

Dispute Resolution

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They can do this using the Right to Manage procedure as long as certain conditions are met. These conditions relate to the type of property, length of lease and how long they have been resident in the property. Also, at least half the flat-owners must be willing to participate.

Although the Right to Manage procedure is not uncomplicated, at least it is not necessary to prove fault or blame. If there are any challenges by the freeholder or managing agents, these can be promptly resolved in the Leasehold Valuation Tribunal (LVT) without gross expenditure.

To conclude, Right to Manage may well prove the most powerful net with which to eliminate malpractice and dishonesty within the property management industry. Certainly, it will be effective as long as it is taken up with vigour.

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