

## Minister Lenihan officially opens the new Property Services Regulatory Authority

The Minister for Justice, Equality and Law Reform, Mr Brian Lenihan, T.D., today officially opened the new head office of the Property Services Regulatory Authority in Navan, Co. Meath. He also launched a new Code of Practice for the property services industry and the Public Register of Licensed Auctioneers and Estate Agents.

The Property Services Regulatory Authority will be established under the Property Services Regulatory Authority Bill which is due to be published in 2008. The setting up of the Authority is one of the key recommendations of the Auctioneering/Estate Agency Review Group which was established by the Government in 2004 to carry out a review of all aspects of the auctioneering profession in Ireland and to make recommendations for any changes to ensure a proper and appropriate standard of auctioneering, estate agency, property letting and property management services.

Speaking today, the Minister said **"The vast majority of property transactions are characterised by a high quality service which can be attributed to the professional standards which are applied and adhered to by those who work in the auctioneering and property services sector. It cannot be denied however that the experiences of some consumers of these property services in recent years have not been positive.**

**I strongly believe that both consumers and the property services sector will benefit from the new structures and standards that are being put in place. I am convinced that the sound regulatory environment now being put in place will increase public confidence in the sector for the benefit both of property services providers and the consumers of those services."**

The Code of Practice identifies the key principles and values which should guide property services providers in their daily business and sets out the minimum standards of professional conduct to be expected of them in the provision of property services. It also provides for a complaints procedure and a Disciplinary Board. Pending the introduction of the new legislation, the Code is being introduced on a voluntary basis. All licensed auctioneers and estate agents are being invited to subscribe to the Code.

The Public Register of Licensed Auctioneers and Estate Agents, which was also launched by the Minister, will initially include details of the names, addresses and trading names of all licensed Auctioneers and Estate Agents. Information relating to those who have signed up to the new Code of Practice will be included in the register with effect from the end of this month. Ultimately, the register will include relevant details of all property services providers, including management agents.

The Minister concluded **"the Government is determined to ensure that concerns relating to multi-unit developments and the governance and operation of property management companies are urgently addressed. A targeted study and consultation process undertaken by the Law Reform Commission is currently nearing completion and I am determined with my colleagues in Government that whatever action is required will be taken sooner rather than later in response to the Commission's Report and the reform recommendations which it will contain."**

The Code of Practice and Public Register of Licensed Auctioneers and Estate Agents can be accessed on the National Property Services Regulatory Authority website at [www.npsra.ie](http://www.npsra.ie).

**15 November 2007**

### **Note to Editors**

In 2004, the Auctioneering/Estate Agency Review Group was asked to examine the licensing and regulatory requirements for property service providers. The review was launched against a background of public concern about certain practices in the property services sector, weaknesses in regulatory and supervisory arrangements and the need to take account of new forms of property services.

The Review Group comprised representatives of auctioneers, consumer interests, the Competition Authority, the Law Society, the farming sector, the co-operatives sector and relevant Government Departments.

Arising from its analysis of the current system and its identification of significant shortcomings in the existing statutory framework, the Review Group made a series of reform recommendations in its Report submitted in 2005. These included:

- The existing District Court-based licensing system for auctioneers and house agents should be strengthened and transferred to a new Regulatory Authority and its scope should be extended to cover property management agents;
- The new Authority should specify statutory standards for the grant of licences (e.g. education/ training standards; levels of professional indemnity insurance) and for the delivery of property services within its remit (e.g. terms of letter of engagement);
- In addition to the licensing function, the Authority should promote increased consumer awareness of property services and enhance consumer protection;
- The Authority should administer a new Compensation Fund which would be financed by means of contributions from licensees, and which, together with appropriate levels of statutory indemnity cover, would strengthen consumer protection;
- Existing safeguards for client funds should be extended to service charges/fees retained by management agents in respect of multi-unit developments and estates where management company structures are in place;

Legislation to give effect to the main recommendations of the Review Group is currently being drafted and, in accordance with the Government Legislative Programme, is due to be published in 2008.

#### **Main functions of the Property Services Regulatory Authority**

The main functions of the new Property Services Regulatory Authority will be as follows:

- To operate a comprehensive licensing system covering all providers of property services, i.e. auctioneers, estate agents and property management agents. This extended system will replace the current licensing system for auctioneers and house agents under the Auctioneers and House Agents Acts 1947 to 1973 which is based in the District Court;
- To set and enforce standards for the grant of licences (e.g. educational/training standards; levels of professional indemnity insurance) as well as standards to be observed in the provision of property services by licensees;
- To establish and administer a system of investigation and adjudication of complaints relating to the provision of property services;
- To promote increased consumer protection and public awareness (where appropriate in liaison and cooperation with other statutory bodies and with relevant professional and consumer bodies) of property services in general and the cost to

consumers, risks and benefits associated with the provision of those services;

- To establish, maintain and administer the Compensation Fund.

### **The Code of Practice**

The Code of Practice was drafted following consultation with a wide range of bodies including the National Consumer Agency, the Consumer Association of Ireland, the Irish Auctioneers and Valuers Institute, the Institute of Professional Auctioneers and Valuers, the Competition Authority, the Law Society of Ireland and the Society of Chartered Surveyors. It identifies the key principles and values which should guide property services providers in their daily business and sets out the minimum standards of professional conduct to be expected of them in the provision of property services.

An important part of the Code is that which provides for enforcement of standards. Part 4 provides for a complaints procedure and the establishment of a Disciplinary Board. It also provides that any person may make a complaint against a property services provider for an alleged contravention of the Code.

Pending the introduction of the legislation, the new Code of Practice is being introduced on a voluntary basis and will serve as an introduction to the new regulatory regime which will be underpinned by the legislation. All licensed auctioneers and estate agents are being invited to subscribe to the Code and an acknowledgement of all those who so subscribe will be entered in the Public Register of Licensed Auctioneers and Estate Agents, which will be published on the Authority's website with effect from 16 November.

### **The Public Register of Licensed Auctioneers and Estate Agents**

The Public Register of Licensed Auctioneers and Estate Agents has been compiled by the Implementation Group, which was established to assist and advise on practical matters relating to the setting up of the new Authority and to prepare for the new licensing system, in consultation with the Courts and the Revenue Commissioners and will be published on the Authority's website with effect from 16 November. This is the first time that a National Register of Licensed Auctioneers and Estate Agents will be available to the public. Initially, the register will include details of the names, addresses and trading names of all licensed auctioneers and estate agents and information relating to those licensees who agree to subscribe to the new code will be included in the register with effect from the end of this month. Ultimately, the register will include relevant details on all property services providers, including management agents.