



22nd March 2005

Dear Colleagues

Office of Fair Trading Review of Local Search Fees

Some little while ago, the EMRLGA began lobbying on three things, planning fees, the timing of planning delivery grant and local search fees. We were successful with the first two and the third is ongoing.

The purpose of this note is to provide a comprehensive briefing pack for members of the EMRLGA on the subject of the review of the local search market by the Office of Fair Trading.

There are three reasons why this issue is an important one. Firstly, it affects the economies of local authorities. Secondly, there are real consumer protection issues. Finally, the reputation of local authorities is often unjustifiably damaged.

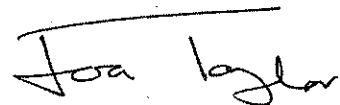
The National LGA have taken up this important issue and we are keen to ensure that we in the East Midlands play a full and active role in supporting this work, particularly given we have promoted it as an issue.

You will see from the attached briefing that the first issue is for a political and professional contact point in each authority to be nominated. Secondly, a coordinator authority is needed in each county. Thanks to Councillor Marion Brighton of North Kesteven for taking on this mantle for Lincolnshire. Kettering will do so for Northamptonshire.

Yours sincerely,



Janet Ward
Chief Executive



Cllr The Hon Joan Taylor
Chair, EMRLGA

Briefing Note – Office of Fair Trading Review of Local Search Fees

Background to the OFT Review

The Economics

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Background to the OFT Review

Commercial search companies have made multiple complaints to the Office of Fair Trading about many local authorities claiming restrictive practices.

The OFT have decided there is not an issue of restrictive practice to consider, but have decided to do a market study.

The Economics

There is a significant cost to local authorities of maintaining the records used by commercial search companies, as local authorities have a residual workload to keep the local land charges register and other public records up to date.

Employees of the commercial companies spend many hours in Council offices and officer time in customer service areas and other departments is spent retrieving public records for viewing; this is at great cost to local authorities. This is nowhere near covered by the statutory £11 fee.

Consumer Protection

There is a need for greater transparency at all stages of the transaction, as the majority of consumers do not appear to have been informed of the type of search their conveyancer has commissioned.

Commercial companies use a substitute Con29 form in their searches and where information is required as reply to a Con29 question, but is not available from public records, this may not be made clear in their replies.

Many personal searchers also make an official search of the local land charges register by submitting an LLC1 form which is completed and returned, bearing the local authority official stamp. Searchers may attach this document to the front of their substitute Con29 form which can incorrectly give the impression that the whole search was carried out by the council.

Consumer choice may often be fettered as a result of bundled packages of services from solicitors. Customers will, therefore, only obtain the search type dependent on the solicitors dealings with a local authority or commercial company.

Consumers may not be made aware of any commissions paid by commercial companies to solicitors and conveyancers.

Reputation Management

Local authorities are often blamed for delays in the house buying and selling process and it is believed that estate agents and solicitors still quote a six-week turnaround time for searches. This is inaccurate and that most local authority searches are now returned in well under the recommended 10 working days.

Local authorities need to promote their search service and positively manage their reputation.

Next Steps

Co-ordinated action is required by local government to fully and effectively contribute to the OFT's Market Study. Each authority can respond to the forthcoming survey to help ensure full information. The immediate requirement is for each authority to advise of one officer and one Member contact point, who will assist.

Responses in the first instance to Fliss Haynes (01664 502558 or fliss.Haynes@emrlga.gov.uk).

A co-ordinator authority for each county is also required.

