



ANNUAL REPORT 2016

PCCB

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CHAIRMAN'S INTRODUCTION

2015 has been a busy, varied and interesting year for the PCCB. We welcomed Angela Newton and Mike Clough to the board as consumer interest and industry representative Directors respectively. The INNS Code went live and Lorna Bown joined us as our third inspector to support Denis Purshouse and David Woodward and to focus on the new INNS Code in particular. Search Code Subscriber numbers continued to increase and the first subscribers to the INNS Code were placed on the register. New agreements with The Property Ombudsman are being finalised to reflect the fact that they are now EU Alternative Dispute Resolution (ADR) regulations compliant.

The INNS Code of Practice went live in 2015 with a full suite of Compliance Notes to provide clarity to subscribers in terms of what is expected of them. As occurred with the Search Code in its early days, it is expected that subscriber numbers will grow slowly but surely in the early months.

From a regulation and compliance perspective, 2015 has been a satisfactory year in so far as serious breaches of the Search Code have been few and far between. There was one firm suspended during the year, which has since taken the necessary corrective action and been restored to full subscriber status. Otherwise the inspectors report that some of the minor compliance issues, which have previously been commented on by them, persist and this was the subject of their presentation at the CoPSO Conference in October. All firms are encouraged to pay attention to the detailed requirements of the Code to ensure both consistency and a level playing field for the industry.

Speaking of Conferences, the PCCB was out in force at both the INNSA Conference in Manchester in May and the CoPSO Conference in London in October. At both events the PCCB provided speakers.

PCCB Board Members have also been involved in stakeholder engagement alongside both CoPSO and INNSA. In particular, the Board is very supportive of CoPSO's on-going campaign to gain proper recognition for the Search Code from the Law Society. It is an anachronism that Chancery Lane does not formally recognise the quality mark for search products which 90% of its members routinely purchase on behalf of their clients.

In respect of INNSA, the engagement has primarily been with BASIS which is responsible for ensuring INNS Code Subscribers are compliant with the demanding technical standards set by the trade body. There has also been engagement with the Council of Mortgage Lenders (CML) to ensure that its members are made aware of the demanding standards that INNSA has set through the INNS Code. The PCCB will present at a CML Valuation Panel meeting early in 2016.

On top of all of this, the PCCB became full financially independent of CoPSO in 2015 as part of its wider remit in regulating the INNS Code.

As I said, a busy, varied and interesting year!

Kate Davies

Board changes during the year



In March 2015, newly appointed Board Member Angela Newton was welcomed to her first Board meeting as a Director. Angela, who worked for many years at *Which?* brings a strong consumer perspective to the PCCB adding to the existing experience and dedication of the other Public Interest Directors - Kate Faulkner and Kate Davies.

Alan Thorogood, the industry representative nominated by CoPSO, was re-elected for a further two year term of office. Alan brings many years search industry experience and provides continuity on the Board which has seen many changes over the last 2 years. Jane Foster provides balance to the Board as the other search industry representative on behalf of members of the Association of Independent Personal Search Agents (IPSA).

Mike Clough, the Chairman of the Invasive Non-Native Specialists Association (INNSA) which owns the INNS Code was appointed as the industry representative for the invasives industry. Mike brings a wealth of knowledge to the PCCB Board and was instrumental in setting up INNSA as the trade body dedicated to establishing meaningful standards for invasive species remediation.

Code subscribers

In 2015, the number of Search Code Subscribers grew from 111 to 121 with five new applications in process. The subscriber base is stable and there are very few firms that did not renew their Code subscription in 2015. The ongoing increase in subscriber numbers can be ascribed mainly to new firms entering into the market, some of which are offering fresh and varied search products. The growth in Code subscribers is witness to the standing of the Search Code within the industry and amongst property stakeholders, and also bears testimony to the innovation that the private sector brings for the benefit of consumers.

The first INNS Code subscriber applications were processed in late 2015 and by the end of the year there were 4 firms on the register. A further 5 applications are being processed and the PCCB expects there to be a steady growth in subscriber applications during 2016.



Administration



On 1st July 2015, Lorna Bown was welcomed to the PCCB as the third inspector. Lorna joins Denis Purshouse and David Woodward on the Inspection team and will have prime responsibility for the INNS Code as well as supporting Denis and David with Search Code Compliance activities. Lorna had a long career with Severn Trent Water and in the latter years of her career was the appointed Search Code Compliance Officer for Severn Trent. This experience brings a new perspective to the PCCB Inspectorate which is greatly valued.

The PCCB website has been upgraded in 2015 and expanded to accommodate the INNS Code. Applications to subscribe to the INNS Code can now be submitted on-line and the next step is for subscribers to be able to upload their supporting documentation electronically.

The contract with Thornby Associates to provide Secretariat services to the Board was renewed for a further 2 years in 2015, and accounting services continue to be provided by Stephen Tustin. Financial responsibility for the PCCB was transferred back to the Board from CoPSO in 2015 to coincide with regulation of the INNS Code of Practice. The Board has set a target for a prudential reserve to be accumulated over the next 3 years in accordance with best practice.

The Board routinely meets on a quarterly basis and conducts matters that require urgent attention by e-mail between meetings. The Board had occasion to convene one extra meeting in January 2015 to deal with some of the administration in respect of the take-on of the INNS Code and budgeting for financial independence from CoPSO.

Changes to the Search Code in 2015

Whilst the Search Code was not subject to revision in 2015, there were a number of changes to the Compliance Notes which had the effect of:

- Providing clarity to consumers that Searches only contain planning information in respect of the specific property in question and not surrounding properties. This change resulted from a PCCB recommendation to CoPSO following feedback from The Property Ombudsman in respect of a case on which they had adjudicated. A good example of the trade body, regulator and Ombudsman working effectively together.
- Making it clear that all conditional planning consents registered after 1 August 1977 are registrable charges and must be revealed in the search report irrespective of any cut-off date applied by the firm or the local authority.
- Ensuring that the terms of the Alternative Dispute Resolution for Consumer Disputes (Amendment) Regulations 2015 (ADR Regulations) are met by requiring all Code subscribers to provide the name and web site address of The Property Ombudsman scheme (TPOs) on their website and in their terms & conditions of business;
- Making changes to the redress arrangement with TPO to take account of the EU ADR regulations. In essence this extends the time frame within which a matter can be referred to TPO to 12 months

Introduction of the INNS Code in 2015

The INNS Code went live in 2015 and the first registration applications were processed which included existing INNSA members as well as companies new to INNSA. This has been a learning experience as the world of invasive species is quite different to property searches. In particular it has been important to establish the boundaries between the work that is undertaken by BASIS, the regulator of the Amenity Assured Scheme and who undertake inspections of remediated sites, and the PCCB. In addition there are a number of technical qualifications and quality marks that INNS Code subscribers must hold in order to be compliant with the Code and achieve INNSA membership.

The process is now bedding down well and the Inspectors are working hard to help firms achieve Code registration by way of an assisted compliance approach. There has been good interaction between the Inspectors, particularly Lorna Bown, and INNSA Steering Group members to ensure that the introduction of the Code has been as smooth as possible.

Inspectors report

The PCCB inspection team is responsible for monitoring compliance with the Search Code and assessing the extent of compliance of each subscriber. Checks of sample searches, insurance arrangements, terms and conditions, complaints procedures and other matters are carried out at initial registration and at the time of annual registration renewal. These checks are also carried out at the regular compliance inspections of subscriber firms which take place for each firm at least once every three years. These compliance inspections also review compliance controls and business procedures.

34 firms were inspected during the period 1 July 2014 to 30 June 2015. There was a general improvement in compliance during the year. Most of the compliance breaches picked up by the inspectors should have been picked up under the annual internal audit that all firms are required to carry out. The inspection team therefore continues to emphasise the importance of the annual audit as the best way to improve compliance.

As mentioned earlier, the PCCB became responsible for ensuring compliance with the INNS Code of Practice in 2015. Detailed Compliance notes underpinning the broad principles of the INNS Code are now in place and are being used to assess new and existing subscribers to the Code.

Marketing guidelines have also been developed which will provide organisations with best practice hints and tips when promoting their business on the INNSA website. A new process has been introduced to monitor the progress of Probationary Members and the procedure for using the INNSA Insurance Backed Guarantee scheme is being further developed to help new members use it effectively within Financial Conduct Authority guidelines.

Redress and The Property Ombudsman

All PCCB-registered firms are subject to the independent consumer redress arrangements provided by The Property Ombudsman scheme (TPOs). The PCCB has been involved in discussions with the TPO about revisions to Complaints Procedures, including:

- confirmation that TPO can consider complaints relating to commercial property searches;
- limitation on TPO awards to £5000 in total (covering financial loss and/or aggravation, distress & inconvenience);
- clarification that the 12 months time limit for lodging a complaint with the search firm runs from the date the problem was identified (not the date of the search)
- requirements arising from the Alternative Dispute Resolution for Consumer Disputes (Amendment) Regulations 2015.

During 2015 TPO made decisions on seven complaints involving PCCB-registered firms. TPO found in favour of the complainant in two cases and in favour of the firm in the other five cases.

Plans for 2016

2016 will be a year of growth and of consolidation for PCCB.

INNS Code subscriber numbers are expected to grow surely and steadily throughout the year as more stakeholders, particularly mortgage lenders, start to specify INNSA members as recognised remediators. PCCB Board members will continue to engage with relevant stakeholders to present the INNS Code to them and demonstrate that it is robust and can be relied upon. A one-page information sheet will be developed for new enquiries and potential members to highlight the benefits of signing up to the INNS Code.

The PCCB will continue to support CoPSO with stakeholder engagement which may include further engagement with The Law Society as well as other important bodies such as The Land Registry. The Board will also support INNSA in promoting the INNS Code to the property industry and in particular the mortgage lending community.

The PCCB Inspectors will continue to monitor compliance with both Codes very closely and through the Board will provide constructive feedback to both trade bodies. As the 'eyes and ears on the ground' the Inspectors can help ensure that the Codes remain current and in tune with an ever changing world.

As has now become routine, there will be regular newsletters and bulletins during the year for Code Subscribers. The PCCB welcomes any questions or comments from Subscribers and will always endeavour to respond honestly and quickly. Open communication with Subscribers has resulted on many occasions in issues being raised both with the Board and the respective trade bodies, and changes being incorporated into Code Compliance Notes.

The Board will also manage its finances effectively and prudently with a view to ensuring the cost of regulation is proportionate.

Ultimately the PCCB exists, not only to protect consumers and property professionals, but also to enable the companies it regulates to maximise commercial opportunities through ensuring the Codes are enforced and there is a level playing field on which to compete.



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