



# **Compliance for Companies trading in the International Property Sector**

## **- Highlights -**

Applicable to companies based in the UK who deal with overseas property, as well as companies based abroad if they are doing business with the UK

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### **Disclaimer**

All the information in this document is published in good faith. AIPP has procured the material from publically available sources and has consulted with a variety of specialists in the property sector.

AIPP makes no warranties about the completeness, reliability or accuracy of this information and accepts no liability for any losses and damages in connection with its use. AIPP recommends that any individual or entity wishing to engage in the International Property Sector seeks comprehensive legal advice.

For more information you can contact AIPP at 020 7222 6172 or [admin@aipp.org.uk](mailto:admin@aipp.org.uk)

## Terms of reference

AIPP is constantly seeking to improve standards of professionalism in the largely unregulated international property industry. This is primarily delivered to its business members through the promotion of:

- Trade best practice
- Trade business development

As there is no single source of regulation or guidance available to businesses that serve the international property market, AIPP (the Association of International Property Professionals) has prepared a guide to those areas of relevant legislation, regulation and professional conduct which encompass both mandatory behaviour obligations and recommend best practice.

## Regulation

The main focus is for UK estate agents who operate in the international property sector and for foreign estate agents who operate in the UK. Since professional service firms and financial service firms are regulated by their own professional bodies and legislation they are largely exempt from the obligations of Estate Agents.

In either case (Estate Agents either in the UK or overseas and operating in the UK) legislation should be treated as if the estate agent is trading in the UK. Registration with HMRC under the AML - Anti Money Laundering regulations - is required.

Any practicing estate agent with a presence in the UK – this includes simply attending an exhibition and promoting/ facilitating property for purchase or sale – must comply with the Estate Agents Act 1979 (including registration with a redress scheme if promoting residential property) and the Money Laundering Regulations 2007 (including registration with HMRC).

Relevant legislation includes:

- Estate Agents Act 1979
- Money Laundering Regulations 2007
- Consumer Protection from Unfair Trading Regulations 2008 (CPR's)
- Business Protection from Misleading Marketing Regulations 2008 (BPR's)

Related legislation includes:

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Bribery Act 2010
- Data Protection Act 1998
- Enterprise Act 2002
- The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013
- Consumer Rights Act 2015
- Companies Act 2006, and the Companies, Limited Liability Partnership and Business (Names and Trading Disclosures) Regulations 2015
- Consumer Credit Act (CCA) 1974 as amended by the Consumer Credit Act 2006
- Electronic Commerce (EC Directive) Regulations 2002

- Performance of Buildings (England and Wales) Regulations 2012
- Financial Services and Markets Act (FSMA) 2000
- Competition Act 1998
- Unfair Contract Terms Act (UCTA) 1977
- Unfair Terms in Consumer Contracts Regulations 1999 (the UTCCRs)

Legislation is designed to regulate the:

- a) Internal structure, processes and governance of relevant businesses
- b) External marketing and behaviour of relevant businesses towards consumers and other businesses

Enforcement agencies are empowered to monitor the operations of relevant businesses and pursue offenders through behavioural remedies, civil and criminal prosecutions that can lead to bans, fines or imprisonment.

Estate Agents and related businesses are encouraged to join regional or national trade associations, such as the AIPP for those involved in cross-border activity or an affiliate of the National Federation of Property Professionals (NFOPP) for those that operate in the UK domestic market only. Membership provides a wide range of benefits and a code of conduct that must be adopted. A trade association's code of conduct will refer to one of three Property Ombudsman redress schemes and their particular code of professional conduct.

## **Ethics**

The International Ethics Standards Coalition ([IESC](#)) is a global initiative started in 2014 to create a universal set of ethics, principles and standards for real estate and related professions to observe around the world.

AIPP is a trustee of the IESC and as a member of its Standards Setting Committee has actively participated in the creation of the 10 draft ethical principles. Consultation has been running since February 2016 and has recently closed. The Independent Standards Setting Committee will report back to the IES Trustees this autumn.

## **Guidance**

AIPP provides its members with:

- Detailed guidance which is reviewed and updated for changes in legislation
- Assistance in adopting the requirements of legislation to ensure a member is compliant
- A voice to express important issues in meeting compliance requirements with the regulator, National Trading Standards Estate Agents Team (NTSEAT), and to lobby for change or clarification as required
- Advice on best practice and implementation
- Automatic registration with The Property Ombudsman at no extra cost

## 5.2 Compliance Overview

