



# NATIONAL LEASEHOLD SURVEY 2016

Survey conducted by Brady Solicitors, in conjunction with The Leasehold Advisory Service





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# 1. Executive summary

We received 1,244 responses to this major, nationwide survey into leaseholder and resident management company (RMC) director experiences, with some incredibly thoughtful and detailed comments throughout. We have included in this report as many of these comments as possible to give readers a flavour of the sentiment expressed by both leaseholder and RMC director respondents.

Whilst there were many strong views aired and some difficult stories to read, there were also clear examples of property management at its best.

For the RMC director participants there was a clear polarisation in viewpoints. The majority reported overall satisfaction with their role but a significant minority identified intense frustrations. The age profile of RMC directors also makes interesting reading and highlights the challenges of carrying out the role alongside a busy career and/or family life.

The challenges of communal living emerge strongly throughout and this is compounded where leaseholders – by their own admission – lack a clear understanding of their rights and obligations. This lack of leasehold knowledge, including understanding how to replace a poorly performing management company, underpins

many of the reported problems. It also represents a vast opportunity for the sector, including its policy-makers, to bring about future change.

If the survey findings can help us to extract the essence, ‘the DNA’ of what makes a successful managing agent, there are three qualities that would feature strongly: regular and open two-way communications; a genuinely transparent approach to service charge expenditure; and a commitment to educating both leaseholders and RMC director clients.

Over the following pages we analyse the findings to provide a picture of life as a leaseholder and the challenges and opportunities for RMC directors, identifying key considerations for managing agents, housing associations and current and potential leaseholders alike.



“ My thanks to the 1,244 leaseholders and RMC directors who participated in the survey and to Brady Solicitors for working with us in seeking such a range of views.

Research like this is valuable, not least because of the responses from almost 200 RMC Directors who are key players straddling both management and homeownership.



The findings will update the sector, including Government, on current sentiment around leasehold management to continue

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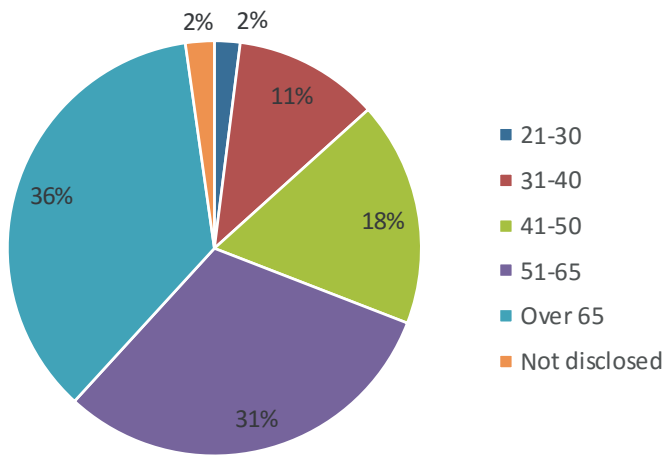
**Anthony Essien**  
Chief Executive  
The Leasehold Advisory Service



## 2. Setting the scene: who took part in the survey?

The survey was open to all leaseholders and RMC directors in England and Wales, with responses collected via a secure, encrypted online form between 11 January and 29 April 2016. It captured the views and experiences of 1,244 leaseholders, including 181 RMC directors. Approximately 10% of respondents were housing association leaseholders.

**Fig.1 Age ranges of survey participants**



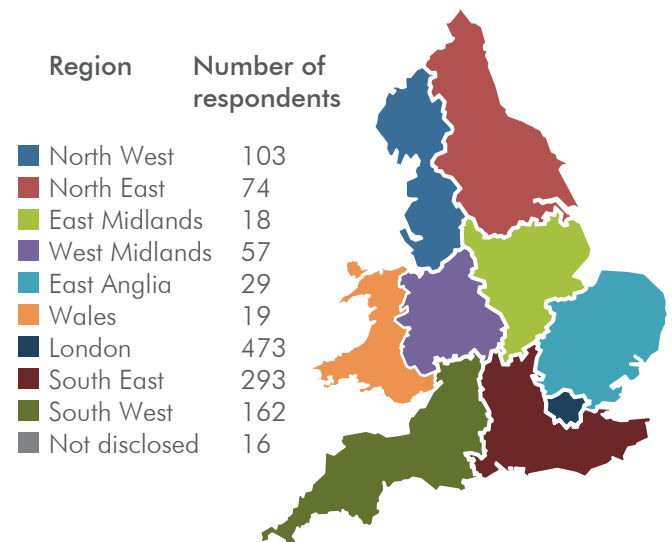
67% of respondents were aged 51 years or older, with the largest group of respondents aged over 65.

60% of responses were submitted in London and the South East, reflecting the strength of the leasehold sector in that region. 13% came from the South West, 8% from the North

West and 6% from the North East. The remainder was split fairly evenly across England and Wales.

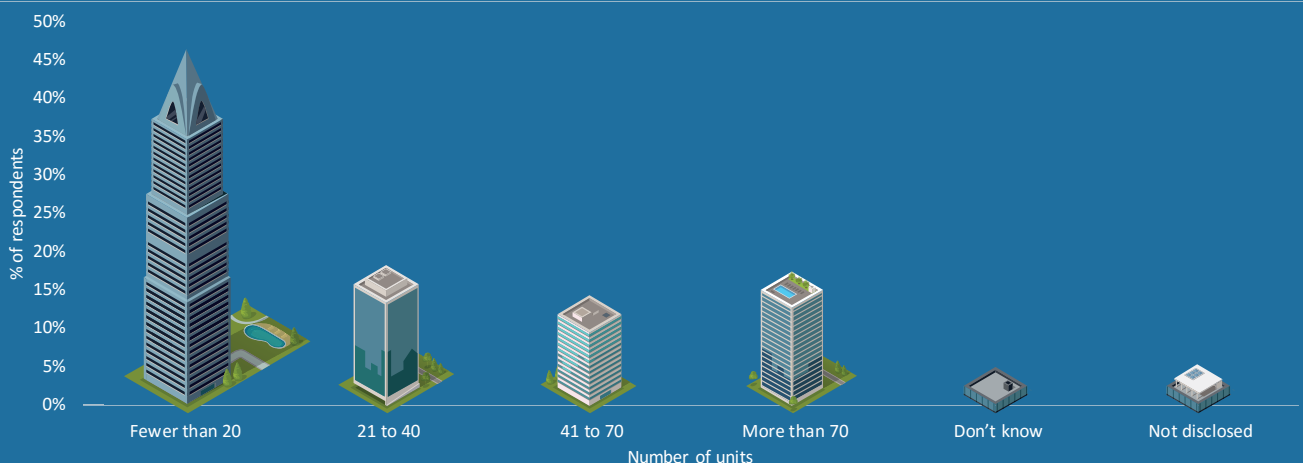
The size of blocks broadly reflected the nature of the leasehold sector in England and Wales. 210 respondents represented blocks containing more than 70 units, whilst almost half (47%) represented blocks containing fewer than 20 units.

**Fig.2 Location of survey participants**



29% of respondents represented blocks that were built prior to 1930, reflecting the spate of conversions over recent years, with a similar proportion (28%) representing post-1990, purpose-built blocks.

**Fig.3 Size of block by number of units**



# 3. RMC director experiences

This section of the survey focused on directors of resident management companies (RMCs). It sought to establish their experiences of the role, including the amount of time it takes relative to their initial expectations and if they felt they had sufficient knowledge prior to becoming a director. The questions used a sentiment approach, asking respondents the degree to which they agreed with a set of statements. Free text comment boxes were also used throughout.

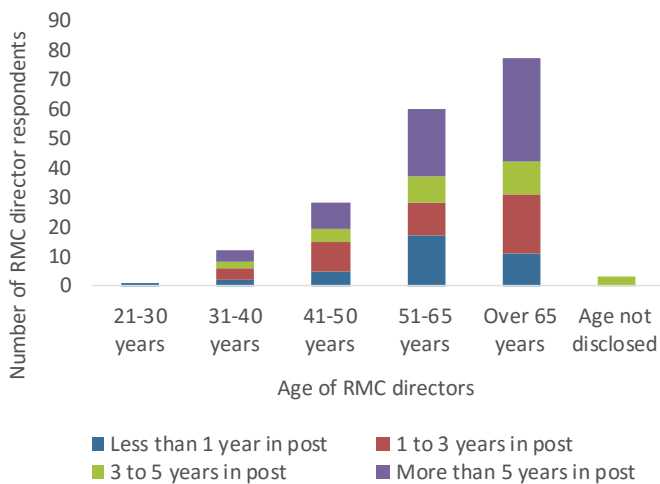
Relationships with fellow directors and leaseholders were examined, and the survey also asked participants if they would encourage other leaseholders to become RMC directors.

181 RMC directors, representing 163 blocks, responded to the survey.

A substantial majority (76%) were aged over 51, with just 13 directors aged under 40. Additionally, 43% of the RMC directors aged over 65 years had been in their roles for at least five years.

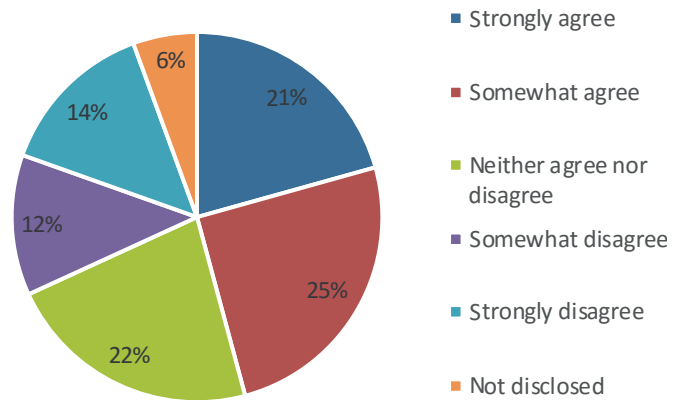
Comments reflected the difficulty in recruiting new RMC directors: "The reality is that it is hard to find directors willing to play their part and be committed and contribute time and effort."

**Fig.4 Age of RMC directors**



The survey asked RMC directors if they felt the role was rewarding. Opinion was generally positive, with 46% agreeing strongly or somewhat that their role was rewarding. Relationships with the managing agent played a part in this sentiment, with several comments similar to: "as long as you have a competent management company it works well."

**Fig.5 Being an RMC director is rewarding**



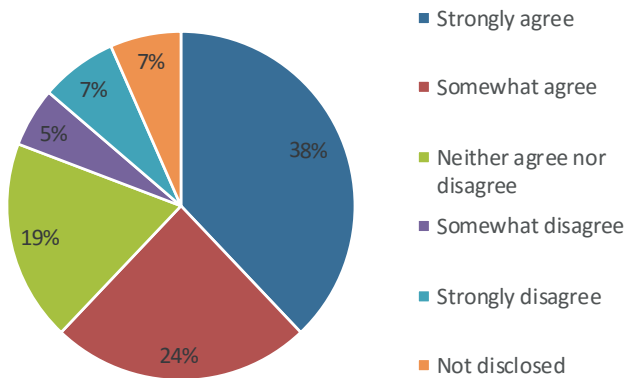
Just over a quarter (26%) disagreed with the statement that being an RMC director was rewarding, with many of these dissatisfied directors indicating a desire to leave their post.

“The challenges are always the same, lack of assistance from those who are solely concerned with their own properties, rental tenants and absentee landlords.”

62% of RMC directors strongly or somewhat agreed that the role took up more of their time than expected.

# 3. RMC director experiences (continued)

**Fig.6 Being an RMC director takes up more time than I expected**



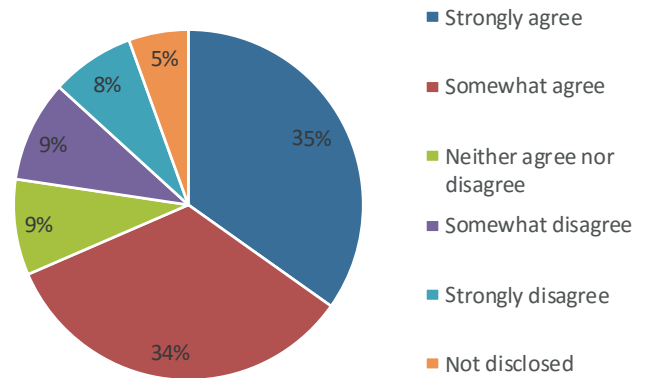
Whilst a need to 'learn on the job' was also cited by some directors as a key reason for the volume of time taken up by the RMC director role, the majority - 69% - felt that they understood their roles and responsibilities before becoming a director. A similar number percentage (66%) said they would encourage other leaseholders to take on the role of RMC director.

Just 17% strongly disagreed that they understood the duties involved, although this is a significant enough proportion to create problems for both the individuals concerned and their fellow directors.

Comments included "(It's) a steep learning curve with little support" and "Being an RMC director is a difficult and time consuming job. You are left to manage an often substantial company with little guidance."

“A good RMC director should always keep their leaseholders well informed and not take sides in any dispute until you have all the facts.”

**Fig.7 I understood my duties & responsibilities before becoming a director**



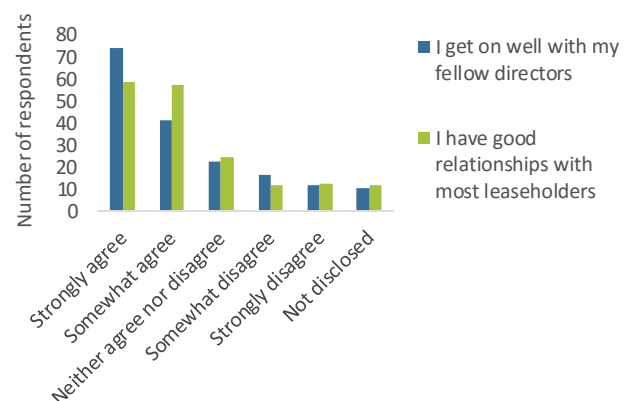
Would they encourage other leaseholders to take on the role? 66% said yes they would, whilst 12% would not. "It is not for everyone as strong management skills are needed together with the ability to learn quickly and identify issues."

The survey asked RMC directors about their relationships with fellow directors and other leaseholders. 63% felt they had good relationships with their fellow directors and 66% good relationships with most of their leaseholders.

16% and 14% felt they did not have good relationships with either their fellow directors or their leaseholders.

"The most difficult is dealing with late service charges as the people are your neighbours."

**Fig.8 Relationships with directors and leaseholders**



The RMC director section of the survey showed some stark polarisation in responses. A substantial proportion throughout enjoyed their role and felt a sense of control over their leasehold property. However, where frustrations were felt then these were extremely acute, as highlighted by the comments from survey participants.

It is a reminder that RMC director roles should not be taken on lightly. Those directors who understood their role and responsibilities and were able to give the time to what can be a time consuming role were the most satisfied in their position.

Reflecting the challenges of communal living, directors with good relationships with their fellow directors and leaseholders also reported greater levels of satisfaction. The challenge lies in finding leaseholders willing to fulfil the role and ensuring they are equipped with the knowledge, tenacity and time to carry out the role.

It is interesting to note that a thread running through the RMC director comments is a need for softer skills such as collaborative working, project management and leadership. Up to now, discussion on RMC director and leaseholder upskilling has generally focused on technical expertise such as legal and procedural. This could make interesting reading for decision makers regarding the training and support that could be provided to the leaseholder sector and the challenges within.



# 4. Service standards and managing agents

This section sought to establish the respondents' satisfaction with the level of service provided by their managing agent.

Leaseholders and RMC directors provided feedback on the overall service, whether or not it was improving, how easy it was to get hold of someone at the management company, and confidence in their ability to effectively and efficiently resolve issues. "It's all about two way communication, respect, honesty and courtesy" commented one leaseholder.

The four key areas of satisfaction measured in the survey are combined in Fig.9 in the blue box below.

66% of leaseholders somewhat or strongly disagreed that the overall service provided by their managing agent was good. Less than a fifth (17%) of respondents either strongly or somewhat agreed that they received a good service.

The picture was similar when asked if the service had improved over the past two years, with 62% feeling that it had not improved. Just 14% of respondents agreed with the statement that their managing agent had improved its service over the past two years.

Almost a third (32%) of leaseholders agreed somewhat or strongly that it was easy to get hold of the managing agent when they had a query. However, 45% strongly or somewhat disagreed that they were able to get hold of someone when they needed a query resolving.

The most depressing picture came when asked how they felt about the managing agent's ability to handle issues. A substantial majority – 68% - of respondents disagreed with the statement that the managing agent was able to resolve issues efficiently and effectively.

Just 6% of all respondents strongly agreed that they felt confident in the managing agent's ability to resolve issues effectively and efficiently.

When viewing just the RMC director responses, the results are far more favourable, indicating the greater control felt by directors. 34% felt strongly that the managing agent is able to deal effectively with issues and just 37% either strongly or somewhat disagreeing with the statement.

**Fig.9 Leaseholder and RMC director satisfaction with managing agent service levels**

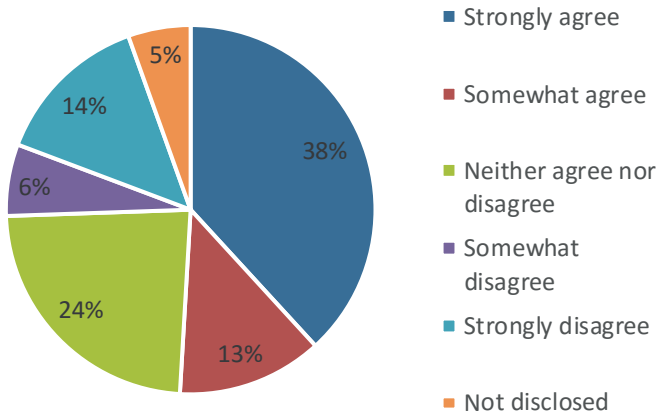




“ We have changed agents in the past year and we are so glad we did it. It took a long time but was worth it. ”

How did the survey participants feel about a change of managing agent?

**Fig.10 A change of managing agent would benefit the block**



Over half (51%) strongly or somewhat agreed that a change of managing agent would benefit the block. This figure fell to 37% when reviewing RMC director responses alone.

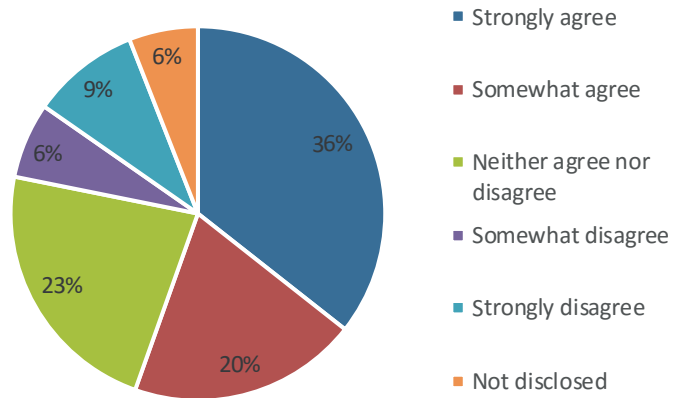
20% of all respondents disagreed that the block would benefit from a change in managing agent.

“We get very few, if any, leaseholder complaints. Some are about letters from the agent, about service charges, which are wrong or misleading - but these are infrequent & minor. On the whole leaseholders have few complaints about management of the apartments.”

Respondents were then asked how easy they felt it would be to change managing agent.

56% felt somewhat or strongly that it would be a difficult process. Just 15% disagreed that it would be difficult. Opinions were very similar across both the leaseholder and RMC demographic.

**Fig.11 Changing managing agent would be a difficult process**



“Residents may wish to change agent, but many are afraid of change” is typical of the comments received.

“Not sure if another agent would be any better and it would take all 33 leaseholders to agree to it and I do not think they would be bothered to do it.”

The survey then sought to find out what would prevent a leaseholder or RMC director from making the switch to a new managing agent. Participants were given a range of answers from which they could choose any that applied to their block or particular situation.

“ I have never been made aware it is possible to change managing agents, nor would I know how to find out about it. ”

## 4. Service standards and managing agents (continued)

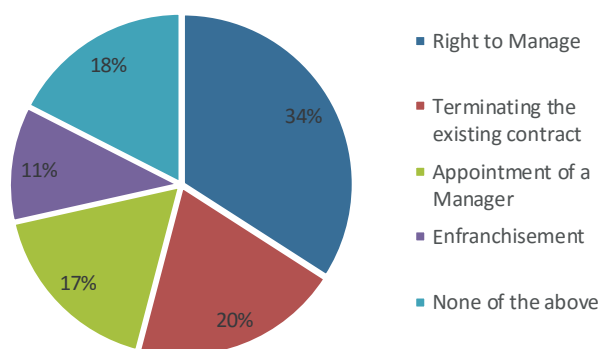
The 8 most frequently cited reasons for reluctance to replace an underperforming managing agent:

1. Lack of knowledge about how to switch
2. Potential problems in the handover process
3. Lack of time to go through process
4. Dispute with the current managing agent
5. Financial deficit in the service charge account
6. Resistance / reluctance from the freeholder
7. Disinterest / resistance from other leaseholders
8. Difficulty finding a replacement managing agent

A lack of knowledge about how to switch was mentioned by 48% of respondents. 37% cited potential problems in the handover process, whilst 32% respondents mentioned a lack of time preventing them from switching. Disputes with the current managing agent was a problem for 28% of individuals, with financial deficit in the service charge account making up the top 5 reasons, cited by 14% of survey participants.

"We have the problem that no one in the block wants to do the work involved in the changeover process, and as some of the flats are let, it is difficult to get all the leaseholders together."

**Fig.12 Awareness of options for changing managing agent**



Survey respondents were then asked about their awareness of options for changing managing agent. 18% were not aware of any options for changing managing agents. Of the remainder, the most frequently cited option was to go through the Right to Manage process (mentioned by 34% of respondents).

The survey also sought to establish the most common complaints, with respondents being able to tick as many options as were relevant to their particular block.

The 6 most frequently cited complaints by survey participants

1. Maintenance matters
2. Level of service charge
3. Parking problems
4. Noisy neighbours
5. Pest control
6. Pets at the property

55% of respondents listed maintenance matters as the most common cause of complaints - "They don't care, listen or call back", with 37% citing the level of the service charge.

Parking problems exercised 17% of all respondents, noisy neighbours were a concern for 11%, and pest control and the pets at the property (both 3%) make up the top 6 complaints.

The survey produced many examples of excellent leaseholder / managing agent relationships but for every good story there was a report of a more difficult situation.

The findings suggest that there are many leaseholders experiencing poor service and yet lacking either the ability or the knowledge to replace a poor performing management company. Whilst many recognise failings in the current processes such as RTM and enfranchisement, it is important to note many respondents flag a stage before consideration of the processes, namely a lack of awareness or understanding of these options, however flawed they may be.

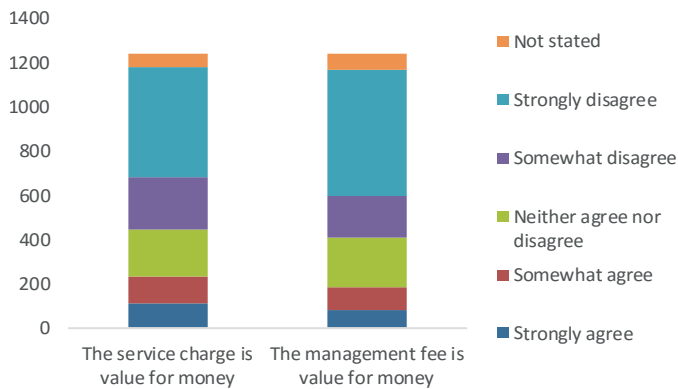
Management companies must work hard to keep lines of communication open. Frustration at lack of response and unresolved issues translate into discontent, unpaid service charges and damaged communities.



# 5. The service charge

A key interaction between managing agents and leaseholders (and fertile ground for disputes) – is the service charge. The survey asked the participants for their opinion on the value for money provided by both the service charge and the management fee. It also asked respondents whether they understood and contributed to decisions on how the service charge monies were spent.

**Fig.13 Is the service charge & management fee value for money?**



40% of respondents strongly disagreed that the service charge is value for money. "I thought that in order to make a service charge demand one would need to provide a service. We have yet to see this."

Poor communication adds to the discontent over service charge levels - "The lack of communication from our service provider and freeholder result in suspicion over works detailed in the annual accounts", and "most leaseholders are kept in the dark. There is an absence of democratic decision making."

Leaseholders offered clear views on how management companies could better communicate about the service charge: "A full breakdown of expenditure in a service charge account would benefit both the agents and tenants, and should stop any further issues six months down the line when the tenant is trying to find out what his money has been spent on."

19% of leaseholders and RMC directors strongly or somewhat agreed that their service charge represents value for money.

The management fee was criticised, with 46% strongly disagreeing that it represents value for money. The percentage of respondents that agree somewhat or strongly that the management charge represents value for money was just 15%.

The service charge can represent a significant sum and leaseholders – particularly the resident leaseholders - will naturally be keen to be involved with how the service charge monies are spent.

The survey asked respondents whether or not they understood and contributed to decisions regarding service charge expenditure.

Comments included "Details of actual costs are sent to leaseholders but not set out in a format that enables quick or easy comparison with original estimates in order to understand and challenge the reason for increases."

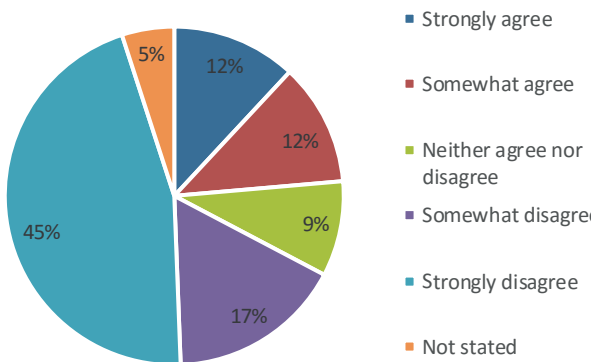
On a more positive note, one leaseholder noted that "We are given the opportunity to comment on the service charge and also to raise issues to be addressed at twice yearly leaseholder meetings organised by the Managing Agent."

The picture was similar to that presented in the value for money questions: 45% of the participants strongly disagreed that they were involved in service charge expenditure decisions. 24% (split evenly between agreeing strongly and agreeing somewhat) felt that they were involved in how their service charge budget was spent.

*“ We as leaseholders feel let down by the current process whereby the Freeholder has total control over the Budget and the Managing Company, which is causing considerable dissatisfaction amongst leaseholders. ”*

# 5. The service charge (continued)

**Fig.14 We understand & contribute to decisions on how service charge monies are spent**



Non-payment of service charges can derail good block management. To gauge success in collecting service charge demands, we asked respondents about the extent to which they agreed with the statement that leaseholders in their block paid their service charge on time.

47% strongly or somewhat agreed that fellow leaseholders pay their service charge demand on time. A significant proportion (38%) did not know or did not give a definitive answer.

“The agent has a website which lets us all see who has paid or not paid. This is very good, and puts peer pressure on non-payers.”

Only 14% disagreed that leaseholders paid their service charge on time. Whilst this may seem reassuringly low, if the slow payment is persistent then it will soon cause problems in the form of a depleted service charge account and reduced ability to deliver good block management.

This was highlighted in the frustration felt by many respondents over fellow leaseholders who were slow to pay.

“ I pay my bills on time, but others don't and no action is taken against them. Instead, the maintenance stopped, cleaning stopped, gardening stopped, and they threatened to cut off the electricity. When I asked them what has happened to the services they told me to tell my neighbours to pay their bills so it was like a siege, with the leaseholders doing the services themselves. ”

Whilst managing agents must be conscious of avoiding a ‘race to the bottom’ in terms of service charge levels, the survey paints a stark picture when it comes to perceived value. Managing agents have a clear job to do in establishing leaseholder expectations and demonstrating value.

Leaseholder communications are not just good practice, they can also be a good risk management tool. By ensuring leaseholders understand how service charge monies are spent and can contribute to decisions, managing agents can help to prevent future claims for reasonableness.

The volume of comments regarding the perceived unfairness of paying charges that don't benefit their property (eg: for carpets in hallways they don't use) highlight many leaseholders' lack of understanding of leasehold and present a challenge for managing agents. This challenge can, we believe, be overcome through open communications and genuine transparency.

One wonders whether there is clarity as to what the manager's role is and what is actually included within the terms of appointment and consequent management fee. Whilst of course key to enjoyment of a leasehold property, many of the comments related to managing agent ‘failures’ are arguably not within their remit, such as emptying the bins or social factors such as public order.

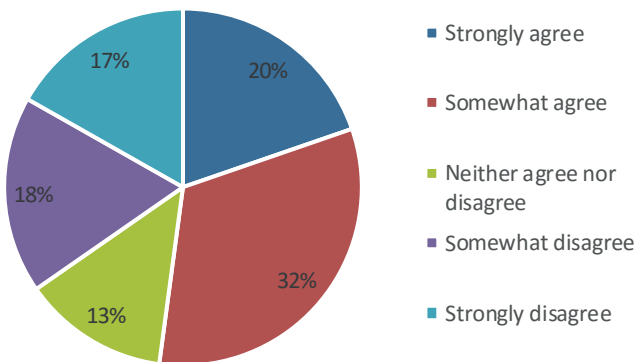




# 6. Leaseholder knowledge and experiences

Survey participants were asked about their general experiences of owning a leasehold property, including their understanding of their rights and responsibilities. These questions followed the same sentiment approach, with participants asked how much they agreed with a set of statements. Comment boxes were used throughout.

**Fig.15 I knew my rights and responsibilities when I bought my leasehold property**



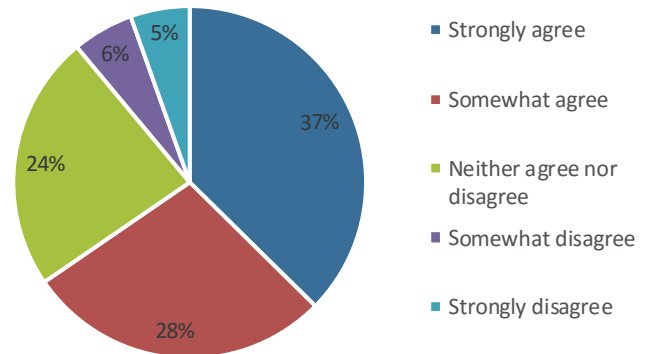
When asked about their knowledge of leasehold, over half or respondents (52%) agreed that they knew their rights and responsibilities when they purchased their leasehold property. 35% however felt they did not have enough knowledge.

“Not enough information is provided about what it means to own leasehold property during the conveyancing process.”

Respondents were asked if they would like to know more about their rights and responsibilities. Just 11% felt that they didn't, with almost two thirds of (65%) somewhat or strongly agreeing they would like more information.

“ You have to be prepared to live 'communally' and accept minor disturbances. ”

**Fig.16 I would like to know more about my rights and responsibilities as a leaseholder**

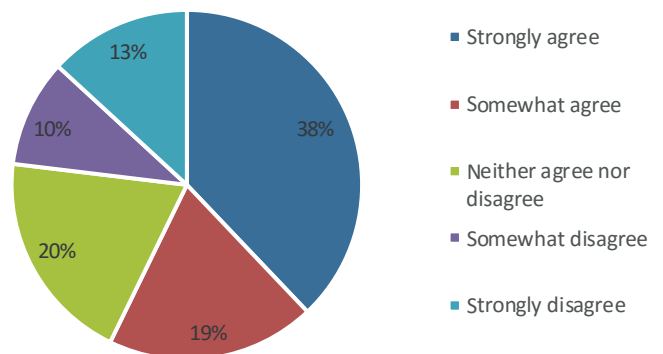


Leaseholders were asked if they knew where to get help if they had a problem. 55% felt comfortable that they knew where to turn, but almost a third (32%) stated that they would not know where to get help if they had a problem.

“Leasehold is fine as long as you have a professional managing agent that engages with the leaseholders and not just the freeholder.”

The final statement then asked participants if they regretted buying a leasehold property. There were some exceptionally strong views expressed in the comments in this section.

**Fig.17 I regret buying a leasehold property**



57% somewhat or strongly agreed that they regretted buying a leasehold property.

## 6. Leaseholder knowledge and experiences (continued)

“It was a huge shock to discover the unequal legal rights of being a leaseholder, even though our lease is 979 years to run, it seems to count for nothing. Our rights are extremely limited and difficult to exercise.”

Some of the more stark comments included “I regret buying a leasehold property” and “The system is broken.”

“ I find it terrifying that much of the new housing being built is sold on a leasehold basis which the average member of the public has little understanding of. It is the biggest investment in an individual's life and has a huge impact on quality of life. ”

Less than a quarter (23%) did not regret their leasehold purchase. 20% abstained from answering.

With well over half of all leaseholders surveyed regretting buying a leasehold property, there is clearly work to be done if the sector is to continue to help meet the UK's ongoing demand for new housing. And, with almost two thirds (65%) of respondents wanting more information on their rights and responsibilities, there is a real opportunity here for better education.

The question is, who should be doing this education? Is it the managing agent? The conveyancing solicitor at the point of purchase? A third party body?

From a Brady Solicitors perspective, we are aware of many leaseholders' lack of understanding of why they need to pay a service charge, let alone what their contribution might be used for. Prospective buyers of leasehold property must understand the nature of their purchase and avoid the temptation to use a cheap, non-specialist conveyancing solicitor. However one must remember that even a specialist conveyancing solicitor will focus on the legal aspects such as ground rent liability, service charge challenges and potential lease flaws and could not be expected to address some of the wider responsibilities and nuances of communal living.



## 7. Notes and contact details

The National Leasehold Survey was carried out by Brady Solicitors in conjunction with The Leasehold Advisory Service (LEASE) and was designed to better understand the experience of leasehold ownership and identify levels of satisfaction amongst both leaseholders and RMC directors.

Responses were collected using an encrypted online form and anonymised to produce this report.

The survey was open between 11 January and 29 April 2016.

For more information or to discuss the survey findings please contact:

**Brady Solicitors**  
Colin Hussey, Director of Business Development  
1st Floor Imperial Buildings  
Victoria Street  
Nottingham  
NG1 2EX

T: 0115 985 3450  
E: [colin.hussey@bradysolicitors.com](mailto:colin.hussey@bradysolicitors.com)  
[www.bradysolicitors.com](http://www.bradysolicitors.com)

**The Leasehold Advisory Service**  
Anthony Essien, Chief Executive  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

T: 020 7832 2500  
E: [anthonyessien@lease-advice.org](mailto:anthonyessien@lease-advice.org)  
[www.lease-advice.org](http://www.lease-advice.org)

If you would like to share any of these findings with your fellow leaseholders, RMC directors, service providers or other parties please contact either Brady Solicitors or LEASE.





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