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Dear Deputy Johnson,

Thank you for your recent letter and for giving Troys Estate Agents the opportunity to participate in the Economic and International Affairs Scrutiny Panel's review into the possible regulation of estate agents in Jersey.

For simplicity, we have answered your questions in the order in which you have asked them.

***1 The Panel notes that your business is not a member of the Jersey Estate Agents Association, or member of the UK Propertymark and the Property Ombudsmen schemes. Please could you provide reasons as to why your business has not formally subscribed to a professional body or code of conduct?***

We are fully regulated by the Jersey Financial Services Commission, have a comprehensive internal training programme for our employees and regularly organise external training to ensure that we meet the statutory and regulatory requirements required of an estate agency. Our extensive experience, which includes all of our agents having ten or more years' experience in the property market, and our commitment to the highest of professional standards, including our client privacy

policy and complaints' procedure, ensures that Troys continues to enjoy success as one of Jersey's leading and oldest estate agencies, having been operating in Jersey since 1948.

We are happy to share with you that we are currently in active discussions to sign up to the UK property ombudsman scheme, following its review of its own code of practice in late 2020 to enable the organisation to extend its reach to the Island. Once we have carefully considered the practicalities, benefits and implications of joining, we hope to be in position to make a final decision by the close of 2021.

To date, we have seen no benefit of joining the JEAA as we already follow the majority of practices it employs. We have also been concerned that it is not run independently, such as the Jersey Gambling Commission, meaning there poses a serious risk of there being a conflict of interest. We were the first estate agency in Jersey to request data protection training directly from the Office of the Information Commissioner and we remain committed to minimising any client risk through robust training and the sharing of the most up-to-date information, guidelines and industry requirements with our agents.

***2 In the absence of estate-agent specific legislation, to what extent do you think that it is problematic for buyers and sellers in Jersey, that estate agents are not required to attain membership of a professional body or adhere to a code of practice?***

There exists a number of layers of protections for both vendors and purchasers in the Jersey property market. As an estate agency, we apply a formulaic and considered process of valuation to every property, always acutely aware that, in the vast majority of cases, an independent surveyors' valuation will also be required further along in the property transaction process before completion.

Should any agency give an inflated or deflated property valuation, this will be corrected by the surveyors' valuation and present a high risk of the property transaction falling through before completion. Furthermore, a lender will not loan against the value of a property unless that value has been accurately and independently verified.

It should be noted that an estate agent can market a property at any value agreed with the vendor, but ultimately it is the market itself which dictates the value of the final transaction.

The panel should also be aware that there exists a high number of private transactions each year in Jersey. These transactions occur when Islanders choose to sell their own property on the private market, or when Islanders sell properties to friends of family. As such, these sales remain completely unregulated and presumably rely on the same safety net as estate agents, namely the surveyors' valuation. It would therefore seem logical for the panel to extend their terms of reference to enable it to consider the regulation of all property sales.

***3 A 2019 report produced by the UK Regulation of Property Agents: Working Group concluded that "Regulation will provide the opportunity to prevent bad practice and drive cultural change within the industry". Do you believe that this statement could also apply in Jersey?***

Whilst an open and competitive market can often only benefit the consumer, in the case of estate agents, we are of the firm view that it is, in fact, doing the exact opposite. At the time of writing this submission, there are an estimated 50-plus estate agencies attempting to market some 43,000 residential and commercial properties in Jersey. The ease in which new agents can open means that

the competition for property instructions is high. In turn, this can lead to newer agencies artificially inflating the valuation prices of islanders' properties in order to gain the instruction. This extensive competition can have a serious impact on the property market, along with new mortgage providers keen to have an immediate share of the Jersey lending market. Therefore, some kind of regulation on the number of agents (perhaps through a licensing scheme) may well aid the market, rather than agents themselves.

***4 Do you believe that the experience of transacting property in Jersey would improve if all staff working for an estate agency were required to be appropriately qualified?***

As already mentioned, Troys is committed to being well regulated, and ensuring that its staff receives regular training. As such, the company would have no objection for further training or qualifications to be introduced for agents operating in Jersey. That said, we would urge the panel to ensure any such measures are appropriate and scaled according to the same risk profile the JFSC applies to estate agents.

***5 Overall, do you think that estate agents in Jersey should be regulated and/or required to adhere to a standard Code of Practice?***

For the same reasons we have no objection to qualifications being introduced for employees, Troys would have no objection with adhering to a common Code of Practice for estate agents, as well as any appropriate or proportional regulation.

Finally, Troys would also like to draw the panel's attention to a distinct and worrying lack of any form of binding protection for purchasers and vendors in Jersey. This means that once an offer has been made and accepted, many thousands of pounds of fees can be spent by both parties in preparation for the transaction to complete. Despite this expenditure, the transaction is still open to gazumping until the property transacts in court, or is left open for one party to demand an increase or reduction in the price at the final stages. This could easily be avoided by adopting some kind of US-style escrow scheme or Scottish deposit scheme.

Yours sincerely,

Carl Putka  
Director  
Troys Estate Agents