

Royal Institution of Chartered Surveyors submission of 20 January 2023

PE1957/E: Home Reports – make surveyors more accountable

Thank you for inviting the Royal Institution of Chartered Surveyors (RICS) views on the above petition.

We acknowledge that the petitioner has referenced engagement with the RICS in relation to the Home Report and subsequently that the RICS has been referenced within the Official Report of the Committee's meeting on 7 December 2022. We are looking into the case to identify why the petitioner was unable to receive a response from us in relation to their complaint.

Below we have addressed the issues that are raised by the petitioner, we will give information on the training and guidance that is provided to surveyors and valuers to ensure the accuracy of information included in a home report and the formal complaints process.

Training

On the issue of appropriate training and guidance provided to surveyors and valuers to ensure the accuracy of information that is included in a home report. Under RICS rules of conduct, all members must undertake lifelong learning to ensure high standards are maintained. For example, this includes undertaking relevant and up to date CPD, ensuring that firm regulation is up to date, as well as following the RICS Valuation – Global Standards, known commonly as the 'Red Book'.

In addition, RICS members must operate within their own competence levels, which is referred to as 'core values'. Those RICS-regulated firms and professionals undertaking Home Reports must operate within their area of competence and to appropriate standards, including valuation and energy assessment reports. Further information on standards can be found here: <https://www.rics.org/uk/upholding-professional-standards/>

In terms of dealing with a complaint from a customer, RICS regulated firms and professionals must offer a copy of their Complaints Handling Procedure (CHP) to a formal complainant. The CHP should include the option, if a satisfactory resolution cannot be agreed between the parties, of referring the complainant to an appointed Alternative Dispute

Resolution (ADR) provider, who can review the dispute and if they find in the complainant's favour, award them with the appropriate compensation. RICS-regulated firms are required to have these steps in place.

In addition, RICS-regulated firms are required to have adequate and appropriate professional indemnity cover. If the error or negligence in the report has resulted in the occurrence of a loss, then legal action can be brought by the complainant.

This is also emphasised by the Scottish Government, who in their response to the petition (6 September 2022), noted that “members of the Royal Institution of Chartered Surveyors carrying out the single survey and valuation in a home report must be appropriately qualified, carry professional indemnity insurance and have in place a complaints-handling procedure that offers independent third-party recourse to complaints.”

As such, in relation to the petition's focus, we would argue that surveyors are already legally responsible for the accuracy of information provided in the single survey. In addition, the call to ‘increase the liability on surveyors to pay repair bills where a Home Report fails to highlight existing faults in the condition of the property’ already in practice exists, as set out above and within the accompanying SPICe briefing (25 August 2022). Further information on how members of the public can raise concerns relating to regulated firms or professionals can be found here: <https://www.rics.org/uk/footer/contact-us/concerns/>

The complaints process

In regard to the proposal to include contact details for the Centre for Effective Dispute Resolution in home reports, currently it is not possible to name a single specific third-party resolution service as this would indicate bias, instead the Home Report (section 1.1) states “The Surveyors have a written complaints handling procedure. This is available from the offices of the Surveyors at the address stated”. However, issues such as this and around wording more generally may be addressed by Scottish Government in the forthcoming Home Report Review.

Regarding questions related to:

- information on the number of complaints per annum;
- the number of complaints that have been upheld; and,

- the number that have been rejected in comparison with the total number of home reports.

We can share some high-level figures. Between 1st January – 31st December 2022 RICS received 1,853 total concern reports globally, 503 (27%) of which related to Home Surveys:

- of the total concern reports, 292 (16%) were referred for investigation following initial review.
- of the home survey concerns, 39 (8%) were referred for investigation following initial review.

In terms of the wider picture, 2% of all concern reports received in 2022 were Home Surveys that went to investigation. All remaining concerns (84% of total and 92% of Home Survey concerns) were closed at initial review stage. The document [Investigating and Managing Concerns](#) provides information on how we decide whether to refer a concern to investigation. In addition, further information may be obtained from various ombudsman and third-party services.

Overall, in its current format, we believe the Home Report is fit for purpose, providing a higher and more in-depth standard of report than would be provided through a mortgage valuation. It also clearly outlines the scope, full terms and conditions, and limitations of the survey.

For example, the Scottish Government notes within their guidance on [Home Reports](#), that If any of the repairs are marked as urgent (code 3) or needing future attention (code 2), prospective purchasers should consider whether they can cope with the cost or inconvenience of the repair works, with the recommendation that estimates should be sought for how much they'll cost before proceeding.

In addition, section 2.3 of the Single Survey terms states:

WARNING: If left unattended, even for a relatively short period, Category 2 repairs can rapidly develop into more serious Category 3 repairs.

Nevertheless, we understand that improvements should and can be made to ensure that Home Reports are as accurate and user friendly as possible, particularly as the last review came in 2013. As such, we support the Scottish Governments forthcoming Home Report Review. We understand that the planned review was delayed in 2021 due to resourcing challenges brought on by the pandemic, but also to incorporate new legislation, such as the work on the Housing Standard

and Energy Efficiency. In anticipation of the publication of the Review, in 2021, RICS undertook steps to set up an External Working Group of expert stakeholders to provide technical expertise and industry experience of the Home Report in practice.

As such, we look forward to continuing our work with the Scottish Government to ensure that Home Reports remain an effective future-proofed product, helping to foster a well-functioning residential property market that works in the consumer and public interest, while protecting and recognising the role of Chartered Surveyors.