



Sub-Committee on Financial Services Regulations

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Rt Hon. Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
Department for Levelling Up, Housing and Communities
[via email]

25 July 2023

Dear Michael,

Multi-occupancy building insurance commission

The Treasury Sub-Committee on Financial Services Regulation recently met to discuss the Financial Conduct Authority's (FCA) consultation: Multi-occupancy building insurance CP23/8.¹

In the FCA's consultation it states:

As we made clear in our report, the multi-occupancy buildings insurance market involves a large number of parties who are not required to be FCA authorised. This means they are outside the scope of our rules. The rules we are proposing are intended to work alongside the planned legislation.

In response to the FCA's consultation, you wrote to the FCA on 19 April 2023 noting that their report:

[...] strengthens my resolve to ban property managing agents, landlords and freeholders taking commissions on buildings insurance and replace with transparent fees. I see that the market has so far disregarded your open letter of January 2022, which made clear that leaseholder needs should already be a consideration. In that light, I welcome your intention, subject to consultation, to formalise the rights of leaseholders in a product's fair value assessment and ask that any resultant rules changes are implemented by the Autumn.

Can you set out the time frame for when your Department will pass the required legislation to ban commissions on buildings insurance being paid to landlords and freeholders?

In addition, the Sub-Committee is concerned that there are also commissions—similar to those on buildings insurance—being paid to property management companies, freeholders, and landlords, for other services provided to leaseholders, over which the leaseholders have no control. Can you set out what work your department is doing with regards to such commissions?

The Sub-Committee's concerns are shared by Clive Betts MP, Chair, Levelling Up, Housing and Communities Committee who is a co-signatory of this letter

In line with the Sub-Committee's usual practice, I will be placing this letter and your response in the public domain. I would be grateful for a reply by 25 August 2023.

¹ <https://www.fca.org.uk/publication/consultation/cp23-8.pdf>

With best wishes,

A handwritten signature in black ink, appearing to read "H. Baldwin".

Harriett Baldwin MP

Chair of the Treasury Sub-Committee on Financial Services Regulations

A handwritten signature in black ink, appearing to read "Clive Betts".

Clive Betts MP

Chair, Levelling Up, Housing and Communities Committee