

# Code of Conduct

## Introduction

The Residential Freehold Association (RFA)'s Code of Conduct outlines the high standards it expects of its Members and Affiliates. It serves as a codified framework for the conduct of Members and Affiliates once they join the RFA.

Organisations are only accepted as Members/Affiliates of the RFA if they can already demonstrate they meet these high standards in their business practices and that they have a desire to work together to further improve the services provided by the sector.

The core principles underpinning the Code are:

- Honesty
- Integrity
- Professionalism
- Competence
- Inclusion

Adherence to these principles is a condition of RFA membership. Each rule within the Code is followed by a high-level overview of what that rule encompasses in practice. The work of individual Members and Affiliates will differ, so it is expected interpretations of how the rules affect decision-making in practice may vary.

These rules are agreed to and followed by all RFA Members and Affiliates. The Appendix to this code contains obligations specific to professional freeholders, and which are applicable to all RFA Members and Affiliates that are freeholders.

All Members and Affiliates of the RFA must remain vigilant to ensure their actions comply with the rules and obligations set out below. The Code will be kept under review and Members and Affiliates are also encouraged to proactively suggest ways in which the below rules and obligations can be improved, if they believe doing so will help further uphold best practice in the residential sector.

Breaches of the rules or obligations set out below will be thoroughly investigated and may result in disciplinary action on a case-by-case basis by the board. Members and Affiliates should recognise their role in ensuring that the principles in the code are implemented by their employees who are expected to adhere to the rules during their day-to-day work and interactions.

The below rules are effective as of **3rd November 2022**.

**Rule 1: RFA Members and Affiliates will maintain integrity, professional competence, and high-quality service.**

- We demonstrate a high level of competence and professionalism in all our dealings with leaseholders and stakeholders relevant to our work.
- We act with integrity, honesty and objectivity when taking decisions.
- We provide a service that is of the highest quality, which represents value for money without compromising on safety or standards.
- We act with transparency and financial probity.

**Rule 2: RFA Members and Affiliates treat those we work alongside with dignity and respect and are committed to developing a more inclusive and diverse sector.**

- We are ambassadors for the sector. As such, we treat colleagues, clients and stakeholders with dignity and respect.
- We are professional in all our interactions, and are courteous and respectful to others, even if we are engaged in difficult conversations.
- We are committed to making the residential freehold sector inclusive and diverse.

**Rule 3: RFA Members and Affiliates are mindful of their impact on the environment and the communities they serve.**

- We are mindful that our decisions can impact the environment or the communities we work in.
- We ensure we are conscious at all times of how we can work to be more sustainable in our practices – both as individual corporate entities and in the service we deliver as a sector.
- We are committed to acting as ‘good neighbours’ in our communities.

**Rule 4: RFA Members and Affiliates act in a way that maintains public confidence in their profession.**

- We are committed to acting in a way that promotes the positive and important role that freeholders play within the sector and communities.
- This includes responding promptly and openly to questions or complaints and communicating clearly with all stakeholders.
- We ensure that statements made in public do not undermine public confidence in our profession.

## **Appendix A: Obligations of freeholder Members and Affiliates of the RFA**

- 1.** Obligation to only enforce the right of forfeiture as a last resort (for example where the leaseholder cannot be traced or criminality is involved)
  - a.** If a lease is forfeited the property should be marketed for sale on the open market and sold on at an arm's length basis.
  - b.** Ensure any surplus realised from forfeiture is returned to the leaseholder or the leaseholder's representatives/estate, unless the property is owned in a corporate vehicle, or there is a case(s) of criminality.
  - c.** Should it become necessary to issue forfeiture proceedings, for example to protect leaseholders from other leaseholder's behaviour including anti-social activities or nonpayment of significant service charge arrears required for the benefit of all leaseholders, lenders will be notified and reasonable attempts to trace absent leaseholders or members of their estate will be contacted.
  - d.** Where no leaseholder or leaseholder's representative can immediately be found, surplus proceeds of sale from a forfeited property will be retained for a minimum of six years, during which time further periodic tracing and engagement will be undertaken prior to any distribution. At no point should forfeiture of the leasehold entity and the subsequent windfall benefit the freeholder.
  
- 2.** Where the freeholder has the obligation to appoint the managing agent, it must ensure block management services provide value for money and appoint regulated managing agents wherever practically possible. Appointed agents should be independent of the party appointing them.
  - a.** Agents are likely to be regulated by TPI or RICS.
  - b.** Occasionally, leaseholders may request non-regulated agents or regulated agents may not be available for a particular block. However, all appointed agents should be signatories to the RICS Client Money Protection Scheme.
  - c.** On receipt of a notice signed by a simple majority of leaseholders, or following a leaseholder satisfaction survey in which a simple majority of leaseholders indicate a preference for a change in managing agents, the leaseholder's wishes should be reasonably taken into consideration when renewing or terminating an agent's appointment.
  - d.** The performance of the appointed agent should be reviewed regularly with particular regard for the transparency around the cost and value for money of services provided; agents should be challenged to demonstrate they have ensured as far as reasonably practical that leaseholders know how service charges are being used.
  
- 3.** Obligation to have effective complaints and redress systems which take into account leaseholder feedback.
  - a.** Members must publish a complaints handling procedure.
  - b.** Members must be a member of a redress or ombudsman scheme.
  - c.** Members must report material breaches of conduct to the RFA.

- 4.** Obligation to have processes and procedures in place to comply at all times with UK GDPR to protect leaseholder's personal data.
  
- 5.** Obligation to have clear and transparent policies to ensure responsible corporate governance.
  
- 6.** Obligation to sign the 2019 government backed pledge to leaseholders in respect of ground rents which double more frequently than every 20 years, and to engage with the CMA and developers regarding voluntarily arrangements to amend leases with rapidly escalating ground rents.
  
- 7.** Obligation to ensure that FCA disclosure principles are followed in relation to insurance.
  
- 8.** Obligation to work with developers and other stakeholders to ensure available funding is utilised to remediate life critical build defects.