

Hips need a shake-up

Home information packs were supposed to speed up house sales and save consumers money, but early signs are that this isn't the case

Which? member Malcolm Goyns, 56, from Cleveland, paid more than £470 for his home information pack (Hip), but thinks it's a waste of money. He feels the information in it wouldn't be a big factor in helping him buy a house.

All homes put up for sale in England and Wales require a Hip (they are not needed in Northern Ireland), but we've found many in the property industry and consumers alike are sceptical. For details of what Hips contain, see 'What's in a Hip?', below.

The Law Society told us it considered Hips to be 'the worst piece of consumer legislation in 50 years'. And an unenthusiastic response from estate agents hasn't helped. Peter Bolton King, Chief Executive of the National Association of Estate Agents, admitted that many agents don't see any point in Hips and has heard reports of agents not handing them to buyers.

Those selling homes have questioned the quality of the information, and there are

doubts over whether a report has a lifespan of more than six months. There have even been serious misgivings from Hip inspectors over the validity of their own work (see 'Lofty assumptions', right).

So, at a cost of more than £500 in some areas, what are Hips actually achieving?

Inaccurate measures

The energy performance certificate (EPC) and searches are the key elements of a Hip. The EPC contains an estimate of the yearly cost of heating, hot water and lighting.

Malcolm Goyns believes the EPC is of limited value. 'There are other things that are more important to consider than the energy use of a house,' he said.

And he's not alone in this opinion. One Which? member in Llandudno wasn't impressed by her inspector's quote.

The inspector figured that the total annual energy cost for her home would be £606, but she had just received an energy bill that showed she had used only £518 in



The property industry and consumers alike are sceptical about Hips

the past year. She contacted the inspector and the agent, but they were not interested.

She told us: 'I think it's unfair that they didn't take my actual bills into account, as [the EPC] won't give a prospective buyer the right information.'

Hands on Hips

In order to find out about the cost and quality of Hips, we carried out our own investigation. But our researchers, acting as prospective buyers in Eastbourne, Ipswich, Leicester and Rotherham, had great difficulty even getting their hands on a report.

Out of 23 estate agents, 11 had properties with Hip reports, but our researchers were only given two. The agents who refused gave various excuses. Two agents said the report was the private property of the owner, two others said that it was illegal to mail a copy – both reasons are untrue.

More surprising is that sellers have had trouble getting hold of a pack they have paid for. One Which? member was told it would cost £20 plus VAT for a hard copy of the report. When she asked for an electronic copy, the agent said she would have to come to his office and view it on the computer.

We also asked an expert Hip assessor

WHAT'S IN A HIP?

Here's what you get for your money

Since 14 December last year, it's been compulsory for all sellers to provide a Hip.

The pack bundles together information for prospective buyers. It must include details that will be needed for any sale to take place, such as a sale statement, evidence of ownership and standard searches, which check for any development plans or restrictions that might affect the property.

It also includes the recently introduced energy performance certificate, which rates a home for its energy efficiency.



LOFTY ASSUMPTIONS

Marcus Simmons 42, *company director*

Two years ago, Marcus Simmons had his 18th-century house renovated and put insulation into the roof rafters. However, his Hip inspector said that as the insulation couldn't be seen he had to record what is typical for a house of this age – which is no insulation.

His Hip provider, Simply Hip, said it couldn't change the report. Instead, it sent him a letter confirming that a Hip is a 'non-invasive, relatively quick energy survey' and 'in some cases, this may not accurately reflect the improved rate of heat loss'.

Marcus, who paid £469 for his pack, said: 'It seems extraordinary that these packs don't always accurately reflect the true position.'

Inspector's view

David O'Neill, who is training to be a Hip inspector in Cornwall, was instructed that unless he could see the insulation material in a loft he had to mark it down as not present.

'These inspections are clearly not for the benefit of the householder. I have extreme reservations about how it's going to improve anything,' he said.

The high price of Hips

Our research shows that Hip costs can be something of a lottery

When we called estate agents in England and Wales to ask how much a Hip would cost, the quotes ranged from £234 to £529 (including VAT). See table, right, for more details.

Some agents had a flat fee while others quoted on the type of property or whether it was leasehold or freehold. Others quoted two prices – Darlows in Swansea said the Hip was cheaper if you paid upfront rather than waited until the sale had gone through.

Barton Real Estate in Rotherham said it would be cheaper if you also used the solicitor recommended by the Hip provider for the conveyancing as well.

In London, Foxtons said the Hip was

free if the property was sold exclusively through them (see 'Free hips' in 'Checklist', below).

THE HIP POSTCODE LOTTERY	
REGION	RANGE OF QUOTES (£ INC VAT)
LONDON	351 ^a
OXFORD/ABINGDON	351 - 529
ROTHERHAM	347 - 470
SWANSEA	234 - 499

^a All six quotes were the same in London

OUR RESEARCH

In February 2007, we telephoned 23 estate agents in England and Wales to ask for Hip quotes. We also visited another 23 agents in England to

request a copy of a Hip report. In 12 of these cases a Hip was not yet available, or the property was already on the market before a Hip was required.

to examine six packs. He found that they varied in the quality of information provided. All six Hips supplied the minimum documents required, and he rated three as good, two average and one poor.

A problem with the poorly rated pack was that it left gaps that would mean a conveyancer would have to repeat the search at extra cost at a later date.

The expert was also disappointed that none of the packs included a legal summary. While not required, a summary would make a Hip more user-friendly by stating, for example, whether a property was affected by planning proposals.

Search me

There are doubts about how long the information in a Hip will last. The government says it's up to the market to decide. However, in a slow housing market, it's possible that a pack will have to be redone at extra cost to the seller.

The Council of Mortgage Lenders says that any search within a Hip carried out more than six months earlier would have to be repeated, and the Law Society thinks it may need to be redone even sooner.

The Council also believes its members

won't necessarily rely on the search contained in a Hip and will ask for another search at a cost to the borrower.

A Law Society spokesman said: 'A private search isn't the same as an official local authority one. There's a problem that private searches may get something wrong.'

Scotland offers hope

As yet, there are few signs that Hips have achieved their aims of easing the process of selling a house or saving consumers money, and we will be showing our research to Caroline Flint, the Housing Minister.

But events in Scotland may offer a clue as to how an improved Hip could work. The Scottish Home Report (SHR), due to be introduced in December 2008, will include a survey, EPC and a questionnaire with useful information on the home. It is hoped this will prevent buyers having to pay for a survey.

Which? welcomes the SHR, and our 2007 survey shows that in England and Wales 57 per cent of respondents felt that Hips would be a 'much better' idea if they included details on the property's condition.

But this is only one part of the process – we would like to see an independent review of the whole business of home buying.

Checklist

What to consider when getting a Hip

■ **Searching** You can find a provider online, or by asking your estate agent or solicitor. Providers registered with the Hip code (visit www.propertycodes.org.uk) have a complaints procedure and insurance for negligence.

■ **Shelf life** Check if your provider will update any part of your pack if you fail to sell your home within six months.

■ **Free Hips** If estate agents quote a Hip as free or included in the commission price, check what that means. They may want you to pay if you switch agent or if you remove the

property from the market.

■ **Inspection** Ask the inspector whether you can lift up boards or remove panels to help them get a more accurate assessment.

■ **Certificates** Supply the inspector with any certificates that show you have had work carried out that has improved your home's energy efficiency.

■ **More information** Visit www.homeinformationpacks.gov.uk for further details. The Council for the National Land Information Service website (www.c-nlis.org.uk) has a guide about standard searches to help consumers.