# RICS tightens up its code of conduct

## Actions of unscrupulous members and 'misleading' claims lead to trade body making radical changes

*By* Rebecca Burn-Callander

THE Royal Institution of Chartered Surveyors, the leading trade body for the industry, has announced radical changes to its code of conduct, which are designed to toughen up standards among British member surveyors.

The changes will take effect from April 1, and suggest that the organisation is concerned about unscrupulous member firms. Membership to Rics is widely seen as a badge of excellence in the industry.

Business rates companies that promise clients reductions on their rates bills, only to drive up the costs even further, and those issuing contracts with hidden charges, are specifically targeted by the changes.

"Some firms have made misleading and inaccurate claims as to the prospects of obtaining business rate reductions or have persuaded ratepayers to enter into contracts of service under terms that can be disadvantageous to the ratepayers concerned," Rics stated.

The business rates system has been the subject of much controversy since the Chancellor Philip Hammond introduced new rules in the last Budget. These will drive up the bills for many small businesses.

In a bid to protect ratepayers, now facing higher bills, from companies wrongfully promising discounts, Rics has published a 25-page document outlining its new rules. These will prevent members from using complex language in contracts, or hiding terms in the fine print.

The tweaks follow an investigation by this newspaper into ratings firms that allegedly misled customers using these methods. Rics noted in its consultation document for the new code: "Some of these practices have been the subject of criticism in the media, and investigation and prosecution by Trading Standards and others."

CVS, the business rates firm founded by the convicted fraudster Jason Peter Clarke, was subject to a three-year *Telegraph* investigation following multiple allegations of sharp practice.

It has emerged that the company has lost a court battle with the Bushey-based children's soft play centre Parents Paradise. Adrian Irving, boss of local accountancy practice Relatus, successfully made the case for Parents Paradise, and Milton Keynes County Court ruled that CVS had "misinterpreted" the terms of its contract.

The row came about because of some fine print, which CVS effectively uses to force clients to pay commission for two years beyond the usual ratings period of five years.


The Royal Institution of Chartered Surveyors, above, has taken the action to stop 'misleading and inaccurate claims'

Deputy District Judge Morley threw out CVS's counterclaim, stating: "We are looking at what is effectively a five-year period and it is as simple as that."

In an apparent nod to the CVS case, Rics noted in its latest guidance that "it is misleading to extend the contract to cover more than one general rating revaluation by including such an extension in the supplementary conditions not appearing on the face of the contract".

County court rulings do not officially set legal precedent but it is understood that this judgment could help pave the way for similar cases.

*'It follows an investigation by this newspaper into ratings firms that allegedly misled customers'*

A spokesman for CVS told the *Telegraph* that the company has been taken to court 164 times by clients over this issue although none of these previous claims had been successful. Rics declined to comment on CVS directly but Luay Al-Khatib, RICS director of regulation for Europe, commented: "Where appropriate, we will strengthen our requirements of this profession in ensuring transparency and customer protection."

The Federation of Small Businesses, one of the UK's most prominent trade bodies, is funding legal action against CVS. The FSB confirmed this action is still ongoing.

It is not clear how many of CVS's clients may seek to challenge the firm over the extra payments.

According to research, by Relatus, based on proposals data published by the Valuations Office Agency (VOA), there may be as many as 7,700 CVS customers paying in error. CVS denied that this figure was accurate but did not provide an alternative.

The largest shareholding in CVS is owned by Clarke, who was successfully prosecuted by North Yorkshire trading standards in 2000 for using the promise of business rates reductions to con tens of thousands of businesses.

Mark Rigby, who is also president of professional rugby union team Wasps, runs the firm alongside Peter Chappelow, CVS chairman and non-executive chairman of OKA, the homewares company owned by Lady Astor, mother of Samantha Cameron, wife of the former prime minister.

# AO World raises £50m to fund European growth plan

*By* Julia Bradshaw

AO WORLD, an online seller of white goods and electronics, has raised £50m through a share placing and will use the money to support growth plans and bolster its balance sheet.

Steve Caunce, chief executive of the FTSE 250 company, said the additional cash would be useful as AO World increases its scale, including plans to expand into countries bordering Germany.

"The strength in our UK business and our investment in mainland Europe have positioned us well for the future, and this will be further strengthened by the capital raising," he said.

AO World already has £27m of net cash in the bank, but the additional funds, which are not earmarked for a particular purpose, will further boost the balance sheet and support the business against an uncertain retail backdrop.

"It's not so much that they need the money, but they want the flexibility of a stronger balance sheet," said a source familiar with the company.

**£4m**

**The collective worth of shares bought by chief executive Steve Caunce and John Roberts, founder of the online retailer**

Mr Caunce added: "This will provide improved flexibility to take the right commercial and investment decisions for the growth of the business, with fewer financial constraints."

Mr Caunce and former boss John Roberts both took part in the placing, buying £2m worth of shares each, while Mark Higgins, AO World's finance director, snapped up 3,773 shares at 132.5p, a 4pc discount to the share price before news of the placing was announced.

AO World has an established UK business and is using funds generated there to support expansion in Germany and the Netherlands.

The company is still loss-making and expects its full-year results to be in line with expectations, with sales of £700m, up 17pc year-on-year, and a loss of up to £2.4m.

Mr Roberts, who founded the online electricals retailer after a bet in a pub, stepped down last month to sit on the board as founder and executive director.

AO World has had a difficult time on the stock market since listing at 285p-a-share three years ago. The current share price is 140p.