

S/N 8/2021 – Failing to Submit Offer to Clients

Note: This case is related to S/N 6/2021 and S/N 7/2021 and involved the same transaction; the Respondents in S/N 6/2021 and S/N 7/2021 (i.e. Salespersons X and Y respectively) had also represented the sellers of the Property.

Facts of Case

The Respondent was engaged by the sellers of a landed property (the “**Property**”) to sell the Property. The Respondent’s husband (“**D**”) had carried out renovation and maintenance work for the Property over a period of about 20 years.

The Respondent entered into a co-broking arrangement with Salesperson X for the sale of the Property, with commission to be shared equally between them in the event of a successful sale. The Respondent would help liaise between Salesperson X and the sellers, while Salesperson X was mainly responsible for the marketing of the Property.

In August 2018, Salesperson X posted a listing of the Property on the online property portal, PropertyGuru. Salesperson Z came to know of the Property through the listing and arranged for a viewing of the Property.

Salesperson Z attended the viewing with his prospective purchaser client (“**D**”) and D’s wife – they were met by Salesperson X and her husband (Salesperson Y). After a second viewing of the Property, D made an offer of \$ 2.83 million for the Property and signed an offer to purchase. D also issued a cheque for 0.5% of the offer price as option fee (\$ 14,150).

Salesperson X conveyed D’s offer to the Respondent, but the Respondent did not submit D’s offer to the sellers. Instead, the Respondent falsely communicated to Salesperson X that the sellers were not keen on accepting D’s offer due to the long period of 30 days to exercise the option and that only 0.5% of the offer price had been placed as the option fee.

In late August 2018, Salesperson X informed Salesperson Z that D’s offer had been rejected by the sellers, claiming that the sellers were looking to sell the Property at \$ 2.9 million.

In or around the same time, another set of prospective buyers made an offer to purchase the Property at \$ 2.818 million. Salesperson X conveyed this offer to the Respondent, who then submitted it to the sellers, who accepted the offer. Salesperson Y then stepped in to close the transaction on Salesperson X's behalf. The Respondent signed a Commission Sharing Agreement with Salesperson Y, whereby the Respondent and her estate agent would receive a sum of \$ 21,135 as commission for the transaction. This sale transaction, however, did not eventually go through, and the Property was subsequently sold for only \$ 2.728 million to another purchaser in 2019.

Charge

The Respondent faced the following charge:

Charge 1

For failing to submit to her clients (the sellers) an offer to buy the Property at \$ 2.83 million made by D through Salesperson Z, in contravention of paragraph 10 of the Code of Ethics and Professional Client Care (the "**Code**").

Outcome

Pursuant to a plea bargain, the Respondent pleaded guilty Charge 1.

In sentencing, the Disciplinary Committee ("**DC**") noted that the Respondent's culpability was significant as clients trusted their salespersons to communicate all offers to them. The Respondent had omitted to convey the offer intentionally and not through inadvertence. Such misconduct would, at the very least, cause harm to the reputation of the industry, and should not be treated lightly.

The DC also considered that the Respondent did not deliberately withhold the offer out of malice or the desire for some personal gain, and the difficulty involved in quantifying the impact of her misconduct (as the offers received were premised on a mistaken belief about the Property's built-in area). This was also the Respondent's first offence.

Note: This case was referred to a CEA Disciplinary Committee (DC) before the operationalisation of the Estate Agents (Amendment) Act 2020 on 30 July 2021. With the Act amendments, the maximum financial penalty for disciplinary breaches has been raised and a DC can impose a higher financial penalty on errant offenders.

Accordingly, the DC imposed the following financial penalty and disciplinary order on the Respondent:

Charge 1: A financial penalty of \$ 3,000 and a suspension of 5 months.

Fixed costs of \$ 2,000 was also imposed on the Respondent.