

Service Manual Helps Reduce Cases of Misrepresentation by Salespersons

Misrepresentation by real estate salespersons is among the top three complaints received by the Council for Estate Agencies (CEA). The other two top complaints are unprofessional or poor service by salespersons, such as giving the wrong advice to clients, and misleading advertisements.

For many, your home is the largest single purchase you will ever make. And many do so with the help of an estate agent or a salesperson.

Although you make the final decision, the advice provided by your salesperson plays an important part in that decision. Any misrepresentation by your salesperson could have serious implications and repercussions for your property transaction. Therefore, your salesperson should give you correct and proper advice so that you can make an informed decision.

Under the CEA Code of Ethics and Professional Client Care, real estate salespersons must not mislead the client or provide any false information or misrepresent any relevant law or fact to the client. If a salesperson is found to have provided false, inaccurate or misleading information, this would be a breach of the Code. The salesperson can face disciplinary actions, such as warnings, fines, revocation or suspension of registration.

Misrepresentation can occur through oral communication or written correspondence/documents. When consumers and salespersons speak to each other, salespersons will take care to accurately convey facts and information about the property. Consumers usually sign documents/agreements in property transactions and salespersons are to ensure that such documents record the exact agreement between the parties concerned. Consumers should understand and agree with the contents before signing any document. Any misrepresentation may lead to financial consequences or problems with the transaction.

Practice Guidelines on Professional Service Manual

CEA recently launched the Practice Guidelines on the Professional Service Manual (PSM), which sets out the professional service standards and responsibilities required of all estate agents and salespersons when they perform estate agency work in property transactions. One of the key duties for salesperson is to ascertain material facts and important information with the sellers.

Before commencing to market properties, salespersons must ascertain the material facts and important information relevant to the properties with the sellers. This is to ensure that correct factual information is communicated to prospective buyers to aid in their decision-making process.

The material facts and important information which shall be disclosed to clients or prospective buyers/tenants include the approved use of the property, the land or strata floor area and the land tenure. When asked by a buyer or through his salesperson, the seller's salesperson must find out from the seller and convey to the buyer or the buyer's salesperson information on the property, such as loan shark

harassment, bankruptcy issues, recent deaths from unnatural causes, and defects such as spalling concrete and water leakages. The Practice Guidelines on the PSM will take effect on 1 January 2014.

Case Study 1

Salesperson A had misled consumers about the actual size of the unit they were going to purchase. He did not inform consumers the actual size of the unit they purchased was actually smaller than what they had requested. The unit they had purchased was 135sqm and it included a void area of 14sqm. Salesperson A did not explain to them. As a result, they had bought a smaller unit and at a higher psf. Salesperson A was issued a Letter of Advice for his inadequacy in explaining the void area to the consumers which resulted in the buyer having to cancel the purchase and forfeiting the deposit.

Case Study 2

Salesperson B had misled his clients that they can rent out their HDB flat. After they signed the tenancy agreement, they found out that they have not met the Minimum Occupation Period and so they could not rent out their flat. As a result, they have to negotiate with the tenants to terminate the agreement.

Personal Responsibilities

As a consumer, you have a part to play in ensuring the property transaction proceeds smoothly. You are advised to exercise due vigilance prior to committing to a property purchase. If you are not familiar with any transaction procedure, you should not hesitate to find out more and ask questions regarding your property transaction. You should ask details about the property if you are concerned about specific aspects of the property and you should find out details on the finances before committing to the transaction.