

S/N 9/2020 – Failure to Advise Clients Properly on Floor Area of Property & Failure to Conduct Title Search to Verify Ownership of Property

Facts of Case

The Respondent was engaged by C and D (the “**Buyers**”) to assist them in looking for a Housing and Development Board (“**HDB**”) resale flat to purchase. The Buyers had intended to purchase a HDB resale flat that had a floor area of at least 90 square metres.

The Respondent saw an advertisement put up by Salesperson Y for a HDB flat that was advertised to be “90 sqm” in size and on a high floor with a view of “MBS”. The listing details of the advertisement also stated that the HDB flat was “969 sq ft” in size (equivalent to approximately 90.02 square metres).

Salesperson Y had been engaged by A (the “**Seller**”) sometime on or around March 2017 as the exclusive salesperson to market A’s HDB flat.

Prior to advertising the HDB flat, Salesperson Y retrieved information on the HDB flat’s floor area through a mobile application provided by a third-party property listing and information portal. The mobile application indicated that the floor area of the HDB flat was 90 square metres.

Salesperson Y did not take any steps to verify the information retrieved from the third-party mobile application and proceeded to advertise the HDB flat.

In fact, the HDB flat was 85 square metres in size.

The Respondent then informed the Buyers of the advertisement and arranged for the Buyers to view the HDB flat. The first viewing on 26 March 2017 was attended by the Buyers and the Respondent (Salesperson Y was not present). At the second viewing of the HDB flat on 28 March 2017, the Buyers and Seller agreed on the selling price of the HDB flat, and the Buyers paid the option fee of \$1,000 through the Respondent.

On 29 March 2017, the Respondent forwarded the Option to Purchase to the Buyers. On 1 April 2017, the Buyers came across a floor plan of the HDB flat on a different property listing website which stated the floor area to be 85 square metres. The Buyers thus sought confirmation from the Respondent that the floor area of the HDB flat was 90 square metres. The Respondent, without taking any steps to verify the floor area of the HDB flat on her own, affirmed to the Buyers that the floor area of the HDB flat was indeed 90 square metres.

Upon further probing by the Buyers, the Respondent indicated to the Buyers that she would verify this with Salesperson Y. Salesperson Y informed the Respondent that information on the floor area of the HDB flat had been retrieved from a third-party

property listing and information portal. The Respondent then merely repeated this to the Buyers.

On 3 April 2017, the Buyers enquired directly with the HDB's relevant branch office and discovered that the real floor area of the HDB flat was 85 square metres. The Respondent then requested through Salesperson Y that parties could either re-negotiate the selling price of the HDB flat or the Seller could refund the option fee of \$1,000 paid by the Buyers.

The transaction was eventually aborted as the Buyers were not prepared to purchase the HDB flat which had a smaller floor area than initially represented in Salesperson Y's advertisement.

At all material times, the Respondent had purportedly relied on Salesperson Y's representations and details set out in the latter's advertisement. The Respondent did not at any time take steps to independently obtain and confirm the floor area of the HDB flat nor did she take any steps to verify the accuracy of Salesperson Y's representations on the same.

The Respondent had also failed to conduct a title search on the HDB flat to verify the ownership of the HDB flat and accordingly failed to give a copy of such title search to the Buyers.

The Buyers' option fee of \$1,000 was therefore forfeited by the Seller.

Charges

The Respondent faced the following 2 charges:

Charge 1

For failing to comply with the applicable laws and in particular the practice guidelines of the Council for Estate Agencies, by failing to conduct a title search on the Singapore Land Authority's Integrated Land Information Services to verify the owner of the Flat and failing to give a copy of the said title search to her client, as required by paragraph 1.7.2 of the Professional Service Manual Practice Guidelines issued by the Council for Estate Agencies, in contravention of paragraph 4(1) read with 4(2)(a) of the Code of Ethics and Professional Client Care (the "**Code**").

Charge 2 (Proceeded)

For failing to conduct her work with due diligence and care, by failing to properly advise her clients on the floor area of the HDB flat by virtue of having failed to take reasonable steps to verify and confirm the floor area of the HDB flat and

failed to verify the accuracy of information obtained from Salesperson Y as to the floor area of the HDB flat, in contravention of paragraph 5(1) of the Code.

Outcome

Pursuant to a plea bargain, the Respondent pleaded guilty to Charge 2, while Charge 1 was taken into consideration for purposes of sentencing.

In sentencing, the Disciplinary Committee (“DC”) took note of the financial loss of \$1,000 incurred by the Buyers as being due to the Respondent’s misrepresentation and that no compensation was made by the Respondent, and that the same duty was imposed on real estate salespersons for both sellers and buyers to conduct basic searches to protect their clients.

The DC also noted that the Respondent had continued to assist the Buyers in eventually purchasing a HDB flat and the Respondent and her clients were all misled by Salesperson Y’s advertisement containing inaccurate floor area information.

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

Charge 2: A financial penalty of \$2,000 and a suspension of 2 months.

Fixed costs of \$1,000 was also imposed on the Respondent.