

Vicky Ford MEP

Member of European Parliament for the East of England
Chairman of the Internal Market and Consumer Protection Committee

Ms Věra Jourová
Member of the European Commission
EUROPEAN COMMISSION
B-1049 Brussels

6 April 2017

Dear Commissioner Jourová,

Re: Consumer Protection for Owners of French Leaseback Properties

Further to our conversation on 4 April, I am writing to ask if you can bring increased urgency to resolving the issues regarding French leaseback property schemes.

As Chair of the Internal Market and Consumer Protection Committee and as Member of the European Parliament for the East of England, I have been contacted by constituents regarding problems they have experienced in relation to leaseback properties they have purchased in France, which has caused great distress. They believe they have been treated unfairly **by the leaseback companies**. **I am asking you to investigate whether or not this is in contravention of EU law and what action the Commission intends to take to prevent future occurrences and to make sure consumers are treated fairly.**

I understand that these schemes have become controversial with a number of leaseback owners throughout Europe and many of the purchasers of such properties take the view that they have been misled and have not been protected as consumers. An Irish leaseback owner started a petition on change.org in January 2017, to challenge the unfair and seemingly exploitative practices of these French leaseback schemes by using EU consumer protection law. To date this petition has gained over 1275 signatures from affected owners throughout the EU: www.change.org/p/eu-french-government-justice-for-hood-winked-owners-of-french-leaseback-properties?source_location=minibar

In 2009 two of my constituents, Ian and Lois Kershaw from Cambridge, paid €295,000, exclusive €60,000 TVA, for their property in the Languedoc region of France. Mrs Kershaw tells me they were promised gross rent of €1,000 per month, which would cover the mortgage payments. However, the management company then reduced the original rent by 50% and raised management charges by 400%. They are currently unable to opt-out of the lease without paying a €30,000 penalty to the management company; something they feel was not properly stipulated in the original lease contract.

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In 2012, a group of owners initiated legal proceedings at their development in France but this has yet to be resolved. I attach the correspondence from Mr and Mrs Kershaw.

The purchasers tell me they believe the properties were mis-sold and advertised in a way as to mislead consumers; that the properties were vastly over-valued and that mortgages were extended to purchasers for sums reflective of this over-valuation; and that the purchasers involved received no protection or advice from lending institutions concerning the above issues in relation to these leaseback purchases.

I understand that Brian Crowley MEP was in touch with you last year and Brian Hayes MEP has recently been in contact with Veronica Manfredi from DG Justice and Consumers who informed him that the French leaseback schemes may infringe on three aspects of EU Directives:

1. Mis-selling of the properties, which breaches the **Directive 2005/29/EC on Unfair Business-to-Consumer Commercial Practices** (the UCPD)
2. Unfair contract terms, which breaches **Directive 93/13/EEC on Unfair Terms in Consumer Contracts** (the UCTD)
3. The necessity of more communication between Competition and Consumer Authorities across Europe, including the French DGCCRF, as stipulated in **Regulation (EC) No 2006/2004 on Consumer Protection Cooperation** (the CPC Regulation)

Please could your services investigate this further and suggest actions that could be taken to protect and enforce the interests of consumers.

I am copying Brian Hayes, Member of the European Parliament for Dublin, and Brian Crowley, Member of the European Parliament for South Ireland, into this letter due to their involvement in the issue. I also attach a one-page document prepared by the former, detailing the experiences of his constituents.

I look forward to hearing your response.

With kind regards,



Vicky Ford