



MEDIA RELEASE

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GCRA ACTION SAVES GUERNSEY PROPERTY BUYERS £13.2M

Action taken by the Guernsey Competition and Regulatory Authority (GCRA) has saved over £13m in property transaction legal fees since 2013.

That's the conclusion of independent research commissioned to analyse the impact of ending the practice of charging fixed percentage legal fees for conveyancing.

In 2013, because of the GCRA's encouragement to eliminate potentially anti-competitive practices in the Bailiwick, Guernsey's Bar removed its professional conduct rule that set legal fees for property conveyancing transactions at 0.75% of the realty value, enabling providers of these services to compete on price. That led to an immediate reduction in standard legal charges on property transactions in Guernsey and such costs as a percentage of the value of property has continued to fall almost every year since then.

The GCRA, in line with similar bodies, looks to review the benefits of its role in the market post its interventions. Critical Economics was therefore commissioned to carry out an independent review. Research carried out by the Company revealed that while a small number of law firms still charge a percentage of the property purchase price (albeit less than 0.75%) the majority now charge a set amount for standard conveyancing.

Analysis of transactions shows that, during the last decade, total realty property transactions amounted to £5.8bn, on which conveyancing legal fees amounted to £30.2m or an average fee of 0.52%. This percentage has dropped to an average of 0.38% in the last

couple of years due to the rapid increase in property prices during this period and the majority of fees not being based on a fixed percentage of these rising property values.

However, if the pre-2013 fixed fee of 0.75% on total realty property sales had been charged during this ten-year period, then legal fees would have amounted to £43.4m.

Michael Byrne, CEO of the GCRA said, “This is an example of where an industry voluntarily elected to address a potentially anti-competitive practice as a consequence of encouragement by the competition law regulator. The tangible benefit to consumers is clear to see, with a sustained and real reduction in costs over a prolonged period, in a significant market for Guernsey”.

Critical Economics conclude that “undoubtedly, the cessation of a fixed percentage legal fee in the local conveyancing market has been very beneficial to the property market.”

Chris Brock of Critical Economics said, “This piece of research was challenging to do but the eventual findings were positive to see.”.

The full report can be viewed here: <https://www.gcra.gg/media/598541/report-on-gcra-work-conveyance-fees.pdf>

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About the Guernsey Competition & Regulatory Authority:

The Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation) was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. The GCRA is responsible for regulating the telecoms, postal and electricity sectors and for the administration and enforcement of the Guernsey competition law.