

For the attention RICS.

ISVA response to draft professional statement prepared by RICS concerning home survey standards

Primarily the ISVA is in favour of RICS bringing in a professional statement regarding Home Surveys as it should help to provide the general public and private clients with confidence in standards associated with residential survey work. However, as is commonly the way, the devil is in the detail. The ISVA as a general rule is not in favour of “reinventing the wheel”. The services provided by our members to meet the requirements of private clients/public as a general rule is very high – it has to be - it is our reputation and standing that makes our businesses successful. We are not in favour of dumbing down our experience and knowledge compared to practitioners with less experience in other less regulated organisations. Change in standards and guidance is fine as long as it is actually going to be better than what is currently provided to clients/public. We are not convinced the current proposed statement will succeed in this.

For those practitioners who have kept up to date with the existing Home Survey guidance notes and various levels of survey, e.g. levels 1, 2 and 3, this proposed new statement, if enacted, can probably be relatively easily adopted as the level and extent of changes will not prove too difficult. For example, with regard to customer care and setting up procedures to ensure standard of services are met as well as things such as knowledge of locality and nature of property. However, it will be important for all ISVA members to take onboard the mandatory requirements of the statement and to adhere to good practice provisions/guidance in an effort to avoid claims and ensuring there is little or no misunderstanding between client and surveyor.

The following is a list of comments and advice recorded after studying the proposed statement in series:

- 1 It is accepted the proposed professional RICS statement will be a mandatory requirement for RICS members and RICS-regulated firms.
- 2 We are glad to note that RICS is allowing its members and regulated firms to develop their own services for the public/private clients in accordance with the proposed standards and therefore it seems there is some intention to provide a flexible framework for the standards to be put into practice.
- 3 Scope – We are pleased to note that the survey will remain a condition-based, residential survey and that some matters are treated as additional matters that may be included, such as environmental matters, legal issues and risk to occupant, i.e. it appears at the beginning of the statement to be flexible as to whether these particular issues are covered in the report with reference to Section 1.2.
- 4 Conflict of Interest and Referral Fees – The ISVA has commented on this matter in the past and unfortunately the guidance notes on this particular subject in general are not succinct, clear and easy to understand. There is therefore scope for further tidying up and clarity concerning guidance for practitioners to easily refer to.
- 5 Knowledge of location and nature of property – It is important that our ISVA members keep up to date with changes e.g. in modern methods of construction. Many of our members will have experience and knowledge in old, period buildings and different forms of construction. However, it is also important for our members to keep up to date with modern methods of construction as these are becoming more popular.
- 6 Knowledge of locality and nature of property – We are concerned about some of the items mentioned in Appendix C, for example the final point mentions future proposed infrastructure schemes and proposals. This is too wide a remit as not all future proposals are known and cannot easily be checked with access to public information via the internet. However, we are glad to see that apparently the list of items in Appendix C is not prescriptive or exhaustive but in a sense this is also dangerous as there needs to be an agreed remit of items that have to be considered in our presurvey desktop exercise and checks. Unfortunately there currently appear to be some surveyors acting as expert witness surveyors when dealing with negligence claims who will argue that all local information should have been checked. Therefore, this flexible nature makes it likely that courts and claims will suggest that all information should have been gathered. This is potentially dangerous - as practising surveyors we need to know exactly the nature and level of information that should be gathered before survey. Again, wide-ranging comments such as a knowledge of the social and industrial heritage relevant to the instruction is also considered dangerous. Yes – it can be mentioned as guidance to surveyors but not written in stone as a standard.

- 7 Section 3 – The ISVA is of the opinion that we are in favour of using modern technology and devices to support our residential survey services. However, it is important for our members to state that the actual written survey report and the contents of advice within the written survey report supersedes and overrides any other form of advice given, e.g. verbal advice given before or after the survey report is dispatched.
- 8 It is likely that a standard information sheet will need to be sent to sellers regarding the property prior to or during inspection so that surveyors can prove that they carried out due diligence checks and enquiries as part of the survey service to establish a history and knowledge of the property, AKA seller's questionnaire to be revived.
- 9 Equipment – There appears to be little clear guidance on upgrading the level and nature of equipment to be used for assessing remote or concealed areas, e.g. endoscopes for cavities, telescopic poles for cameras assessing roofs etc. Clear guidance should be provided on these matters so that there is a uniform standard for different levels of survey services. At present, the language appears to be grey and woolly along the lines of "may need additional tools and equipment". Surely we need to be clear when they are or are not used?
- 10 Section 4 – General Principles – We are in favour of the fact that the report should remain property specific.
- 11 We are heartened by the fact that RICS is allowing some flexibility to enable "*RICS members may also use their own prioritisation methodology*".
- 12 With reference to survey level 2 – the differentiation in the past was relatively straightforward, i.e. significant matters that affect saleability and value should be included in a concise format level 2 style survey report. This particular line of thinking appears to have been removed as differentiation between level 2 and 3. In a sense, this is the trouble when introducing surveyors to level 2 surveys when they have had no valuation experience in the past, as seems to be the case for some surveyors who perhaps have only carried out building surveys or level 1 style surveys and have not necessarily carried out level 2 surveys (with or without valuations) where they have had to differentiate between matters that are considered to significantly affect the saleability and value of a property. We maintain that this is still the best means of differentiating between levels 2 and 3.
- 13 The idea that level 2 reports should provide an explanation of the implications of not addressing identified problems as an additional risk/liability that really should only be applied to level 3 style surveys. We agree that level 2 style surveys should be concise and more general in their description of outlining defects and liabilities. However, addressing the issues of remedial work and implications of not addressing the identified problems is considered an additional burden/risk placed onto the level 2 survey that originally was really only associated with the level 3 survey. In a sense, this is raising the level/standard for a level 2 survey and making it harder to differentiate between levels 2 and 3. We are NOT in favour of these additional risks/liabilities being attached to level 2. Perhaps in hindsight this is the problem with introducing a Level 1 style survey report.
- 14 Section 4.5 – risk to occupants, 4.6 – legal matters etc. – In section 4 it appears that these matters are likely to be included in the survey report. However, section 1.2 (scope) makes it clear that these matters are actually additional matters and may or may not be included in the survey. Surely we need to maintain some flexibility on this issue to meet client's needs? Not all clients will require all this additional information/services. Clarity is required when they can be excluded.
- 15 Section 4.6.1 – regulations – it is assumed that it is satisfactory for the surveyor to raise these issues in the report but not necessarily carry out full investigation and checks of all paperwork associated with the various issues prior to reporting. Otherwise, this places an additional burden on the surveyor and will slow up progress and provision of advice which is usually required fairly quickly after inspection.
- 16 We would like the wording of section 4.8 – further investigation – to be slightly revised along the lines of "where there are tell-tale signs to indicate possible hidden defects, the surveyor should recommend further investigations. In addition, where the surveyor's knowledge and experience of the building type raises concern that there may well prove to be hidden defects, then again precautionary further investigations should be recommended". Otherwise, surveyors are going to end up suggesting that all hidden/concealed areas are investigated prior to purchase which is unhelpful.
- 17 Furthermore, surely the emphasis of this issue of further investigation particularly applies to level 3 style reports rather than level 1 and 2 style reports.
- 18 Section 4.9.1 – surely the priority is to provide a quality, clear comprehensive written style survey report in accordance with the various standards (levels 1, 2 and 3) rather than focusing on discussions with the client. It is agreed that surveyors should offer to discuss the contents of their survey report but this

discussion should ideally take place after the survey report is completed and sent to client. Otherwise there is an increased risk of misunderstanding between the client and surveyor.

- 19 Survey level 2 – appendix A definitions of level – to make it clear, the ISVA is in favour of surveyors maintaining a concise report for a level 2 style survey. However, with regard to providing advice on repairs and ongoing maintenance issues, this should be restricted to those issues that are considered to significantly affect saleability and value. We maintain this is a good means of restricting the style and contents of advice given. Otherwise, there is a danger of trying to include all repairs and maintenance issues within the level 2 survey report. It also helps to maintain a clear differentiation between level 2 and 3 style reports. In summary the ISVA maintain that the question that should be asked when making decisions whether or not to include a particular defect/shortcoming within the report is “does it significantly affect sale ability and value”. If so it must be clearly mentioned in the report in a concise manner. After all this is the question most buyers/clients want to know when making a large investment in property. The trouble is it seems there is a drive to bring in more surveyors, usually from corporate style firms, to do the work, as more and more experienced surveyors retire, and unfortunately the new and upcoming surveyors do not always have sufficient experience and knowledge of their local market to make this judgment call. It therefore seems that the range of experience and depth of knowledge of many existing Chartered Surveyors and Valuers is effectively being dumbed down. The current ISVA Homesurvey (level 2 survey service) is valued by private clients and provides flexibility for experienced surveyors to shine.
- 20 Still under comments regarding level 2 surveys, we note that at present the proposed statement indicates that this service is unlikely to suit “properties in poor condition”. This is a dangerous description/definition to use as a number of properties can be in poor condition and still a level 2 style report is the most suitable style of report to be used in a cost-effective manner. Instead, in such cases it is probably best to offer both services, i.e. level 2 or 3, to the client and allow the client to make a choice, removing the surveyor’s liability regarding the decision as to whether a level 2 or 3 is provided in such circumstances. By saying that all properties in poor condition should have a level 3 survey report is considered an inflexible approach.
- 21 Furthermore, by stating that when a client is planning to carry out extensive repair and refurbishment work a level 2 style report is not considered suitable, is again, considered inflexible. Unfortunately clients are not always forthcoming with all their details and ideas about the property. Furthermore, if a client is planning to significantly alter a property then they may not need to incur the additional cost of a level 3 style survey report. Instead they may just want to know that the existing main building elements are in reasonable condition and therefore prefer to commission a level 2 style survey. In our opinion there still needs to be some flexibility regarding the standards of survey provided in such circumstances. It is known that some surveyors to this day offer limited defect or major defect style reports which comment on the main building elements only because the client is likely to carry out significant refurbishment works to the property. These reports are in effect level 2 style surveys but only comment on the main building elements. It is important that we maintain choice for clients to meet their requirements where appropriate. Basically, there still need to be exceptions to this rule/standard.
- 22 Ref. A3 Survey level 3 – we believe it is dangerous to state that services should be observed in normal operation. It is not safe for surveyors to start trying services in normal operation without the seller being present. This substantially increases the risk and liability of surveyors when carrying out survey inspections for a level 3 survey. Often surveyors are carrying out inspections in empty properties and/or the services are actually switched off or turned off. In such circumstances, surveyors should not be under a duty to test services in normal operation. This is considered to be an unfair risk/liability placed on the surveyor. We agree that surveyors should be observing and recording services in normal operation but only if the seller is present and actually carries out the operation of the services in the presence of the surveyor. Clarification on this matter is advisable.
- 23 Ref. A3 Survey level 3 – the last bullet point under what the survey should additionally include, i.e. costings. It needs to be made very clear that this is an additional service and not part of a normal level 3 survey service. At present, it is included in the list of matters that are normally included in a level 3 survey and this is not considered appropriate and instead it is considered misleading. It is and should be an additional service and made clear as such.
- 24 With regard to benchmarking and roof spaces – there perhaps needs to be more clarity on when it is considered an acceptable safety risk for surveyors to enter the centre of roof voids. Merely stating that modern levels of insulation concealing ceiling joists prevents an inspection of the roof void and restricts

the inspection to the roof access hatch area only is considered to be unhelpful and not really providing a true picture of the practicalities of the issue. In practice, where there are modern levels of deep insulation covering up modern ceiling joists, it is still usually possible for the surveyor to carefully pull back insulation to locate the ceiling joists and tread on the ceiling joists in the centre of the roof void where there is reasonable head height to traverse the centre of the roof void. I would not expect surveyors on a level 2 survey inspection to then try and creep into a low eaves area without safe access, crawling boards etc. I would expect surveyors to at least access the centre of the roof void taking such precautions. It is considered to be a different story when dealing with old, period-style properties where the ceiling joists are often undersized and perhaps affected by old woodboring beetle infestation making them weak. In old, period properties a more cautious attitude needs to be considered and perhaps if the ceiling joists are fully covered with insulation material, then this is considered to be reasonable grounds for not inspecting the length/centre of the roof void providing you can prove that the ceiling joists appear to be relatively weak when insulation material was lifted immediately around the access hatch area. Otherwise, usually the centre of such roof voids can be inspected. In other words, there needs to be greater clarification on this issue otherwise many surveyors are using this as an excuse to carry out a head-and-shoulders roof access hatch area inspection only of roof spaces when often, especially with modern prefabricated timber truss rafter roof constructions, they can actually enter the centre/length of the roof void with care by treading on ceiling joists and parting insulation material. Further consideration should be given to this matter.

- 25 Furniture and possessions – the statement that says “survey level 3 – the RICS member will move lightweight, easily movable, non-fitted items where practical and safe and where the occupier gives permission” is considered an unhelpful statement and dangerous. Surely RICS members are only likely to wish to move lightweight, moveable non-fitted items when there are clear tell-tale signs to suggest an underlying problem? Otherwise, such items are left in place and recorded as such during the survey inspection (using floor plans, photos or video). Furthermore, to clarify the point, the way this statement is written at present, it could be judged that all movable items will be moved to assess hidden areas on a level 3 survey inspection. This is considered ridiculous and impractical. Further clarification and tidying of this point should be carried out. Otherwise, surveyors will effectively need to clear out the house prior to inspecting the property and then put everything back again!
- 26 Services survey level 2 – Surely we need to mention under inspection chambers that not only is it safe to do so but readily and practically possible for inspection because some of these lids are seized, corroded and screw fixed and therefore not readily accessible. Again, further clarification of the wording needs to be carried out on this item.
- 27 Services survey level 3 – as previously mentioned, the issue of assessing services under “normal operation” is considered to be a dangerous step forward in the level and standards, especially with regard to running sinks, baths, bidets and basins and presumably showers as well. Leaks do not always appear after a short use of such fittings. Surely it is imperative that such services and fittings are only assessed if the seller/owner operates the service and fittings in the presence of the surveyor? Otherwise, the surveyor is taking on undue risk/liabilities.
- 28 Reference the grounds – surely we need to be clear whether surveyors are expected to use a 3-metre ladder around the boundaries of the grounds to peer over the boundary features to assess neighbouring properties? This is not made clear in this current statement. We are aware that some expert surveyors are having “a crack” at general practice surveyors carrying out their job as a result of not using a 3-metre ladder propped up against boundary features to assess neighbouring properties and the likely risks and liabilities associated with features in neighbouring properties immediately adjoining the site of the property (JKW springs to mind!). Clarification is required on this particular aspect. Perhaps such works are considered for a level 3 but not a level 2 style survey inspection, unless it includes acres of grounds which are partly overgrown!
- 29 Furthermore, we do not like the wording “a thorough visual inspection of the grounds” for level 2. This should be a general cursory visual inspection of the grounds. Only in level 3 should it be considered necessary for a thorough visual inspection of the grounds.
- 30 In general, I have no significant particular issues with regard to the minimum requirements for all terms of engagement. With respect to evidence that the client has confirmed acceptance of the terms and conditions, surely a simple email confirming that the client has read and understood the terms and conditions of engagement will suffice and this should be clarified.
- 31 Reference Appendix E – typical safety hazards in a residential dwelling – we are generally in favour of these items being mentioned within the report. However, as mentioned in Section 1.2 Scope of Report,

clarification is required as to whether this is part of the standard service for all levels (1, 2 and 3) or whether this is actually an additional service reported on within the contents of the report and can be excluded if the client wishes.

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