



Enhanced Protections for Homeowners on Freehold Estates

Consultation Response | March 2026



About the Consultation

UK Finance is the collective voice for the banking and finance industry. Representing around 300 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

On 18 December, MHCLG published two consultations targeting issues with the private estate management system across England and Wales:

[Enhanced protections for homeowners on freehold estates](#)

(England & Wales), and [Reducing the prevalence of private estate management](#) (England).

We welcome the opportunity to respond to these consultations. Given the subject matter, we have consulted widely across our membership to attain views from a broad range of firms, with different business models and customer bases. Aspects of these consultations are geared towards stakeholders involved in the ownership, management, financing and occupation of residential property – as a result, not all questions are answered.

Our high-level views and responses to the consultation paper *Enhanced Protections for Homeowners on Freehold Estates* are set out below, and we would be happy to discuss this submission in more detail if that would be useful.

From a mortgage lender perspective, the priorities of this consultation are to support homeowners and reduce risk for lenders, ensuring:

- ▶ **Stable homeownership**
- ▶ **Protected customers; and**
- ▶ **The maintained, long-term value of residential property assets.**

Broad support is given to measures which enhance transparency, reduce homeowner risk, and promote consistent standards in the

provision and management of estate amenities. However, the impact these proposals could have on investors should also be taken into consideration. We will continue to engage with MHCLG to ensure policy and regulatory interdependencies work for property owners and mortgage lenders.

If you have any further questions or comments regarding this response, please contact either @ursula.hall@ukfinance.org.uk or @ronnell.reffell@ukfinance.org.uk

Enhanced Protections for Homeowners on Freehold Estates

[Enhanced protections for homeowners on freehold estates - GOV.UK](#)

Part 1: Removing Disproportionate Enforcement Remedies

Members support reforms to limit enforcement powers that can result in charge holders taking possession or other disproportionate penalties for arrears on management charges. This will promote fair treatment of homeowners and reduce loan default risk.

Members expressly support the exclusion of the enforcement remedies under section 121 and section 122 of the Law of Property Act 1925, as this improves protection for both homeowners and mortgagees. The Leasehold and Commonhold Bill, as currently drafted, removes these remedies in relation to freehold estates.

Part 2: Implementing the Leasehold and Freehold Reform Act – LFRA 2024

Regarding the implementing of LFRA 24, members support measures to increase the accountability of estate managers. These include:

- ▶ Measures that improve the transparency of charges. Members support annual reporting, with mandatory disclosure of estate management charges (EMCs) and governance arrangements. This could include regular reporting of expenditure, alongside reserve fund reports (to assist lenders in assessing risk, and support homeowners in planning for future costs). These should be provided to customers digitally, and via traditional methods to ensure inclusivity – as not all homeowners have digital access.
- ▶ Standardised templates for all reporting should be introduced for use early during the conveyancing and mortgage application stages. This enhances lenders' ability to support homebuyers, improving customer experience and reducing friction.

- ▶ Providing homeowners with an easy to access mechanism to challenge the reasonableness of the estate management charge and administration charges.

Any successful exclusion of s.121 of the Law of Property Act 1925 would materially reduce the need for Deeds of Variation (DOV). However, if s.121 is excluded, Government will need to ensure no residual risk for mortgagees (that they currently use DOVs to address) remains under the replacement regime and be clear with lenders how mortgagee protections will operate with regards to priority, notice, and enforcement sequencing.

Members have expressed current difficulties obtaining a DOV (excluding the Law of Property Act remedies and providing lenders with notice of enforcement) and Government should consider these in any replacement regime. Such considerations would include substantive protections for mortgagees that don't rely on statute, or on enforcing parties being independent and stable, involving:

- ▶ Higher and enforceable standards for mortgagee protection clauses.
- ▶ The inclusion of statutory provisions under s.121 Law of Property Act 1925 into estate rentcharge clauses, and any equivalent express contractual remedies (to prevent circumvention through drafting and reduce the need for retrospective Deeds of Variation)
- ▶ Protections for the mortgagee in instances where rentcharge owners are not legally distinct from the borrower (i.e., in instances where the owner of the estate rentcharge is a management company comprising of the residents, who are the shareholders or guarantors of a private freehold development).
- ▶ Providing mortgage lenders with sufficient notice of any enforcement action being taken.

In addition to these suggestions, members support MHCLG engagement with the lender community, to clarify their position on mortgagee protections in any new regime.

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