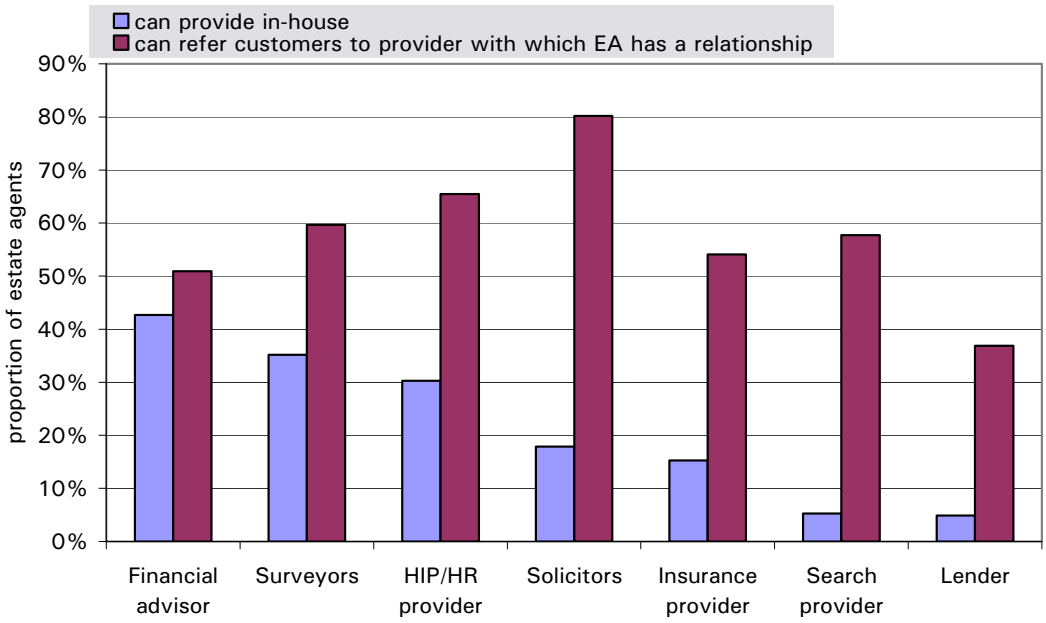
Ancillary / third party services

3.42 The majority of responding estate agents could provide a number of ancillary services, either in-house or via referral to providers with which they had an established relationship, as shown in Chart 3.23. Ninety-four per cent of estate agents could provide financial advice (41 per cent in house and 51 per cent via referral), 95 per cent could provide surveying services (35 per cent in house and 60 per cent via referral), 96 per cent could offer HIP/HR provision (30 per cent in house and 66 per cent via referral) and 98 per cent could provide legal services (18 per cent in house and 80 per cent via referral).

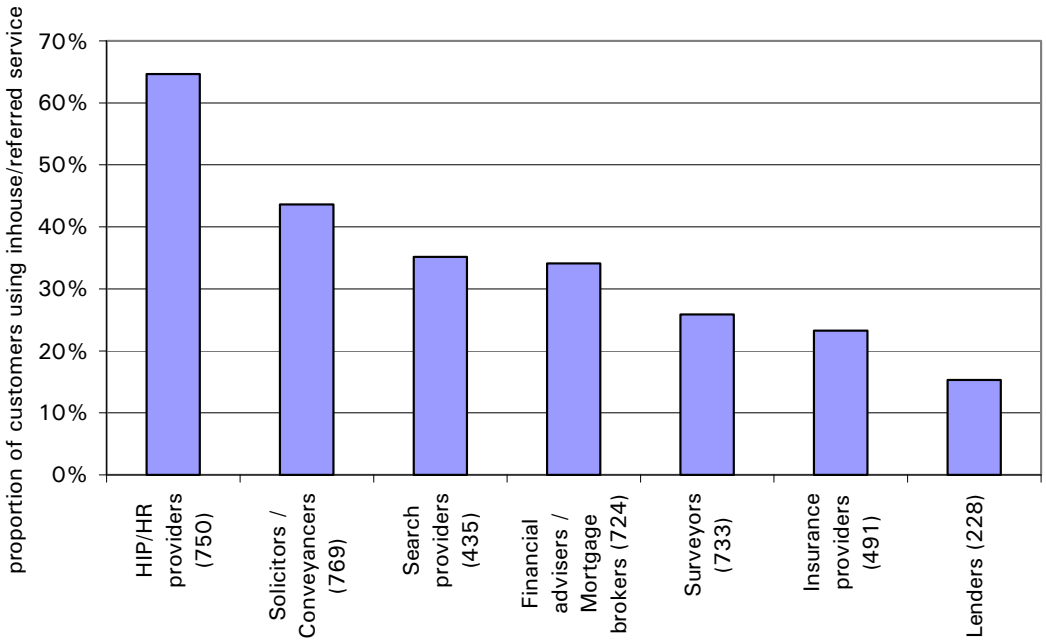
Chart 3.23: Provision of ancillary / third party services



Base: 798 Estate agents

3.43 Those estate agents that offered ancillary services, either in-house or via referral, were asked how frequently their clients used these services (Chart 3.24). Almost two-thirds (65 per cent) of clients opted to use the in-house or referred to service for HIP/HR provision, with the equivalent proportion for solicitors being 44 per cent, search providers 35 per cent and financial advisors 34 per cent.

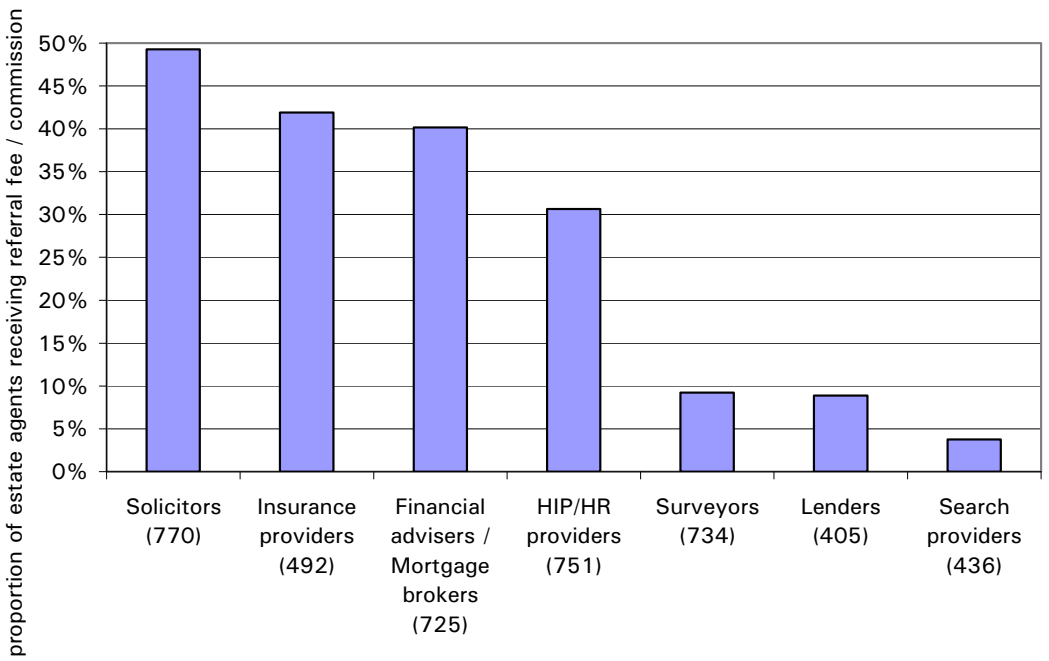
Chart 3.24: Proportion of clients using ancillary services provided in-house or via referral



Base: as indicated in chart in brackets

3.44 Those estate agents that had established relationships with third party providers of ancillary services were asked if they received a referral fee or commission from each type of third party provider. Chart 3.25 shows the proportion estate agents that received payments from providers of each type of service. Nearly half (49 per cent) of estate agents that referred clients to a third party solicitor received a referral fee or commission from the solicitor. The equivalent proportion for insurance providers was 42 per cent, 40 per cent for financial advisors, and 31 per cent for HIP/HR providers.

Chart 3.25: Proportion of estate agents receiving referral fees or commission from third party service providers



Base: Estate agents that referred clients to third party service providers, as indicated in chart in brackets

3.45 Those estate agents that received commission/ referral fees from third party service providers were asked, within given ranges, to provide details of the average amounts received for a typical transaction on a £200,000 property. Table 3.26 shows a breakdown of the fees received from each type of service provider.

- 57 per cent of estate agents received less than £150 from solicitors, and 38 per cent in the range of £250-299
- nearly all (93 per cent) of estate agents received less than £100 from surveyors
- most received less than £100 from HIP/HR providers (87 per cent) and search providers (91 per cent)
- 64 per cent received less than £150 from financial advisors and 27 per cent between £150 and £300. Eight per cent received over £300, with three per cent receiving more than £500
- nearly four-fifths (79 per cent) received less than £50 from insurance providers.

Table 3.26: Average commission/referral fee received from third party service providers

Fee received	Solicitors / Conveyancers	Surveyors	HIP/HR providers	Search providers	Financial advisers / Mortgage brokers	Lenders	Insurance providers
£0-49	9%	56%	47%	57%	15%	-	79%
£50-99	20%	37%	41%	35%	26%	-	8%
£100-149	28%	5%	11%	4%	23%	-	4%
£150-199	2%	2%	1%	0%	13%	-	3%
£200-249	2%	0%	0%	0%	10%	-	2%
£250-299	38%	0%	0%	4%	5%	-	1%
£300 -349	0%	0%	0%	0%	2%	-	0%
£350-399	0%	0%	0%	0%	2%	-	1%
£400-449	0%	0%	0%	0%	0%	-	0%
£450-499	0%	0%	0%	0%	1%	-	0%
More than £500	0%	0%	0%	0%	3%	-	2%
Base	288	84	283	23	351	-	104

Base: Estate agents that received fees from third parties. Figures for lenders not shown due to low base.

3.46 Estate agents that received commission/ referral fees were asked whether they typically made their clients aware of this, and if so

whether they informed them of the value. Over two-thirds (71 per cent) of estate agents that received commission from insurance providers did not typically share this information with their client, while 18 per cent made their client aware of the fee, but not the amount, and 11 per cent informed their client about the fee and its quantity, as shown in Chart 3.27.

3.47 Nearly half of estate agents that received fees from search providers informed their clients of its existence, while a further four per cent also informed them of the amount. Half (52 per cent) made their clients aware of fees received from HIP/HR providers, while a further 12 per cent also informed them about the amount. Over half (53 per cent) informed their clients of the size of fees received from solicitors. A further 28 per cent of estate agents informed their client about the existence of the fee, but not the amount. Over half (57 per cent) made their clients aware of fees received from surveyors, while a further 10 per cent also informed them about the amount. Nearly all (92 per cent) informed their clients of both the existence of fees received from lenders and the amount.

Chart 3.27: Proportion of estate agents revealing referral fees or commission from third party service providers

Base: Estate agents that received fees from third parties, as indicated in chart in brackets

3.48 Four-fifths (81 per cent) of estate agents stated that the in-house provision of ancillary services accounted for 0-10 per cent of their profit in 2008. Fourteen per cent said that they accounted for 10-50 per cent of their profit, and five per cent that they accounted for over 50 per cent of their profit (Table 3.28). Nearly all (93 per cent) of estate agents claimed that less than 10 per cent of their profit was attributable to the referral of ancillary services to third parties. Six per cent said that they made 10 - 30 per cent of their profit from referrals, and one per cent said they made more than 30 per cent.

Table 3.28: Proportion of estate agent profit accounted for by in-house ancillary services and third party referral fees

	Proportion of estate agents	
Proportion of profits attributable to ancillary services	In-house	3rd parties
0-10%	81%	93%
11-20%	6%	5%
21-30%	4%	1%
31-40%	3%	1%
41-50%	2%	0%
More than 51%	5%	0%

Base: 798 Estate agents