

Inquiry into French Property Scams Launched

Consumer watchdogs across Europe are stepping up investigations into how to help hundreds of British and Irish citizens allegedly duped into buying expensive French properties. This follows a call for action from the British MEP, Vicky Ford, who chairs the European Parliament's Internal Market and Consumer Protection committee. Mrs Ford had been contacted by many distressed constituents from her own parliamentary region of the East of England. More than 300 Irish people also claim to have been mis-sold similar leaseback properties with the promise of guaranteed rental income. A petition on change.org has amassed over 1,300 signatures challenging the potential unfair practices of French leaseback schemes.

The leaseback model, in which the purchaser acquires the freehold rights along with limited use of the property and a rental return for the remainder of the year, gained popularity before the financial crash.

"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", says Mrs Ford, who represents the British Conservatives.

Mrs Ford raised these problems as a matter of urgency with Commissioner Věra Jourově, Commissioner for Consumers, and asked for an investigation as to whether the leaseback schemes are in contravention of EU law. The Commissioner has now asked national consumer organisations to look into the complaints.

Mrs Ford explained, "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. The purchasers involved say they received no protection or advice from lending institutions in relation to these leaseback purchases."