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Property Owner

Ministers propose stricter rules for holiday lets

People who convert homes into short-term holiday lets would require planning permission in tourist hotspots in England under government plans. The Department for Levelling Up, Housing and Communities has said it will consult on the change as well as whether to give owners the flexibility to let out their home for a maximum number of nights a year without the need for the permission. The government said it would also hold a consultation on another proposal for a registration scheme for short-term holiday lets. The government said local authorities could choose not to use the planning controls. It said the register is being introduced through the levelling up and regeneration bill currently going through parliament, while the planning changes, subject to the outcome of the consultation, would be introduced through secondary legislation later in the year. Theo Lomas, head of public policy and government relations for northern Europe at Airbnb, said the vast majority of UK hosts share one home and almost four in 10 say the earnings help them afford the rising cost of living. Lomas added: "Airbnb has long called for a national register for short-term lets and we welcome the government taking this forward. We know that registers are clear and simple for everyday hosts to follow while giving authorities the information they need to regulate effectively. The plans for a register follow a call for evidence on the issue for a consultation to be carried out by the Department for Digital, Culture, Media and Sport. The culture secretary, Lucy Frazer, said: "This new world of ultra-flexible short term lets gives tourists more choice than ever before, but it should not come at the expense of local people being able to own their own home and stay local.

Property Owner

Thousands of landlords sell up to avoid net zero rules as buy-to-let no longer 'viable'

What a straightforward idea: a piece of paper with coloured bars telling you how energy-efficient your home is, and suggesting ways in which you could improve it. Indeed, the Government has such faith in Energy Performance Certificates (EPCs) that it has proposed, in its latest Net Zero strategy, that landlords will be forbidden from letting properties from 2028 unless they achieve at least a C rating (there is an exemption if you can prove that it would cost more than £10,000 to bring a property up to C standard). Landlords have been threatened with fines of £30,000 if they ignore the rules. It is already illegal to let a property in the lowest two bands — F and G. Energy Performance Certificates are sound in principle,' says Ben Beadle, CEO of the National Residential Landlords' Association (NRLA). 'But at the moment, they are not giving an accurate picture. A total of 65% of rental properties are grade D or below, and a quarter of their owners say they will exit the market. There is already a shortage of rental property, and that will become far more acute if landlords are forced to dispose of such properties. It is one thing spending £10,000 bringing a property up to standard if it is in Central London where property values are high. But if you own a terraced house in the North-East that is worth only £60,000, you are going to be seriously asking if it is worth it.

Investor / Saver

UK equity fund outflows slow

UK investors put £2 billion into funds in March, the highest inflow since December 2021, according to data published by the Investment Association (IA).

Key findings for March 2023:

- All asset classes, apart from Money Market funds, experienced inflows with Equity funds and Mixed Asset funds seeing inflows of £643 million and £745 million, respectively.
- Tracker fund flows rebounded with strong inflows of £1.6 billion in March.
- Outflows from UK equity funds slowed to £835 million in March compared with the previous four months, which had seen monthly outflows of over £1 billion. North American equity funds saw a modest outflow of £41 million – the first outflow since October 2022.

In March, with the approaching end of the tax year coinciding with a better-than-expected forecast from the Office for Budget Responsibility, investors took the opportunity to invest across all major asset classes and maximise on their tax-free ISA allowance. Research shows that the majority of investors see investing as delivering better long-term returns, with 41% of investors intending to put more money into their ISAs this year, than in the previous tax year. The five best-selling Investment Association sectors for March 2023 were:

- Short Term Money Market with net retail sales of £667 million.
- Corporate Bond with net retail sales of £529 million.
- Global with net retail sales of £365 million.
- Volatility Managed with net retail sales of £361 million.
- Mixed Investment 40-85% Shares with net retail sales of £267 million.

The worst-selling Investment Association sector in March 2023 was UK All Companies, which experienced outflows of £735 million:

- Mixed Asset funds saw inflows of £745 million.
- Equity funds saw inflows of £643 million.
- Other funds (which includes the Targeted Absolute Return, Volatility Managed, and Unclassified sectors) saw £461 million in inflows.
- Fixed Income funds saw inflows of £363 million.
- Property funds experienced a £80 million inflow.
- Money Market saw outflows of £323 million.

Investor / Saver

Lock in to earn 5% interest on your savings

Savings rates have risen at such a pace this year that there are now a selection of banks and building societies paying 5% interest or even more. That is something of a sweet spot for many savers, and could entice them into switching accounts - despite still falling well below the current 10.1% rate of inflation. But the range of accounts paying 5% is still limited, with many having a 'catch' such as requiring the holder to lock away their money for more than three years, or to have an active current account with a particular bank.

Nationwide's FlexDirect current account:

Savers looking for 5% in-credit interest from their current account might want to consider Nationwide's FlexDirect. Someone keeping at least £1,500 in the account could earn £75 in interest over the course of one year.

Barclays' Rainy Day Saver:

The Barclays Rainy Day Saver account pays 5.12% interest on balances up to £5,000. The account can be opened with as little as £1. Anything over £5,000 will only earn 0.15%, so it won't be worth having anything above that in this account. Someone stashing away £5,000 in the Rainy Day Saver will earn £250 in interest after one year.

Fixed rate savings accounts

There are now a number of providers breaking the 5% barrier on their fixed rate savings bonds.

However, savers will need to be prepared to lock their money away for three years or more. Many will likely be hesitant about fixing their savings for such a long period, particularly at a time when rates are rising. This is because, once the cash is held within a fixed rate account, savers cannot typically add or withdraw funds until the end of the fixed term period - at least without incurring a considerable penalty. The highest rate on the market is offered by Gatehouse bank. Its five year-deal pays 5.1%. Savers need to deposit at least £1,000 and open the account online. They can also manage the account via Gatehouse's smartphone app.

All

New UK National Fraud Strategy calls for tech industry help

Six months after it was promised, the new UK Fraud Strategy has been published by the Home Office. It will aim to tackle the 40% of crimes committed in England and Wales, but cybersecurity experts have told Tech Monitor that the strategy has come too late and doesn't offer anything substantial to protect consumers. Announcing the launch of the strategy, home secretary Suella Braverman said that one in 15 adults was affected by fraud last year. Action Fraud estimates that £4.1bn has been lost to scammers across the UK since April 2022. The government has said that £7bn was lost to fraud and in tackling fraud in 2019/20. The strategy is designed to help cut fraud by 10% by the end of 2024 while tackling "fraudsters head-on" to protect people. Braverman said that the UK government had already made a £100m investment in tackling fraud in the last year. The strategy to tackle fraud has three elements. First, government and law enforcement will pursue more fraudsters and bring them to justice. Second, government and industry will work together to stop fraud attempts. Third, the British people will be more empowered to recognise, avoid, and report fraud when they encounter it, and better supported when they do fall victim to it. The policy document contains over 50 tactics from the government to tackle fraud, including banning SIM farms and exploring the regulation of mass texting and number spoofing. The Home Office is also calling on tech companies to make it easier to report scams as well as driving industry action through the Online Safety Bill.

Investor / Saver

Woodford investors miss out in regulatory tangle

The Financial Conduct Authority (FCA) last month made a comforting-sounding announcement. It declared that investors in Neil Woodford's Equity Income Fund, gated in 2019 after precipitous collapse in value and a rush of withdrawals, could receive 77p in the pound of their outstanding losses under a redress scheme negotiated by the regulator. The FCA presented the deal as a way of drawing a line under one of the City's biggest recent retail finance scandals, in which Woodford was accused of mismanaging his fund and making excessive bets on risky unlisted companies. But the deal is nothing like as generous as it might look. The compensation amounts to only £235mn, a little over a fifth of the £1.05bn gap between the fund's £3.61bn value when it was gated and the £2.56bn that has since been distributed to investors. That is 22.4p in the pound. To reach its 77p figure, the FCA focused narrowly on the extra losses suffered by gated investors on illiquid investments compared with the position of those clients who exited immediately before the gating. The £235mn is 77% of £298mn. There is no redress offered on the broader remaining £752mn capital loss suffered on selling liquid and illiquid assets after gating. There is also no interest or compensation for lost access to the money since 2019. Moreover, the deal is restricted to 350,000 investors trapped when the fund was suspended; there's nothing for unknown thousands of others (the figure has never been disclosed) who withdrew their cash, and crystallised losses before the fateful gating. According to Morningstar, the fund price slumped by 38% from its June 2017 peak in the two years before gating. There's currently no provision for the harm caused by failures in relation to anything other than liquidity breaches on the unlisted investments. Other investments were listed, but some weren't the established, dividend-paying companies consumers might expect to find in a large equity income fund. The FCA claims it will address this criticism in its full findings in October. Its probe into other parties continues and the prospect of further redress from those firms may still be raised. FCA justifies its approach by distinguishing between losses "based on misconduct [and those] caused by fluctuations in the market value" of investments. It adds that redress "is not designed to cover losses in relation to investment strategies, if the risks for these are well disclosed" or "hypothetical" returns that could have been achieved elsewhere. The proposed payment would come from Link Fund Solutions (LFS), the fund's authorised corporate director, the company charged with protecting investors' interests. It was responsible for appointing the fund manager — Woodford — and checking the fund complied with the stated equity-income investment remit and limits on illiquid holdings and on borrowings. The compensation deal is presented as voluntary, but has clearly been secured from LFS through FCA pressure, and comes with the regulator's implied endorsement.

Past performance is not a guarantee to future performance. You may get back less than invested.

Thresholds percentage rates and tax legislation may change in subsequent Finance Acts and reliefs from taxation are subject to change. The FCA does not regulate tax advice.

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