



Holiday Home Association News

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The Queen's Speech – implications for tourism

To support business, my government will increase tax credits for research and development, establish a National Skills Fund, and bring forward changes to business rates.

The Queen's Speech (the formal political programme announcement on 19th December, not her Christmas day address!) contained a number of proposals of interest for tourism businesses, not least the promise of a "fundamental review of business rates". In the meantime, the main change affecting holiday homes is the announcement that revaluations will be every three years, with the next brought forward to 2021. This will avoid the problem of very big changes due to the passage of time, but raises the question of just how fundamental the review will be if there are plans to carry on revaluing every three years?

Small business rates relief means that many holiday home owners do not have to pay business rates at all currently, but this is seen as unfair on less-small businesses who do have to pay and often through the nose, and we can hardly

In News 156:

- Insurance Tips
- New subscription rates for small businesses
- No change yet at DCMS
- AirBNB win EU court case
- HHA to offer tax helpline
- Strong Customer Authentication

argue that holiday homes should not make any contribution at all to the financing of local services.

Further details of this review are obviously yet to be announced but you can be sure that the HHA will engage with the process and make the case for a fair system that does not penalise property improvements, and bears some relationship to a business's turnover rather than the arcane concept of a notional rental value on which the current system is based.

There is to be new legislation on the private rented sector and, although this is not expected to affect holiday homes, we will as always need to keep a close eye on what is proposed in order to ensure that unintended consequences are not missed. Similarly, a Building Safety bill is proposed, that will focus on ensuring there are no more Grenfell Tower disasters, but we shall need to scrutinise these proposals to look out for anything that might inadvertently affect other types of building.

A Fire Safety Bill will address fire precautions in the wake of Grenfell Tower, and it is stated that this will *Put beyond doubt that the Fire Safety Order will require building owners and managers of multi-occupied residential premises of any height to fully consider and mitigate the risks of any external wall systems and fire doors.*

We'll be watching to highlight any issues regarding fire doors in particular that could impose excessive demands on holiday home owners, that are disproportionate to the risk.

There is to be a national disability strategy, and whilst this does not appear to be likely to look at holiday provision, it could do, and is another one to watch.

The proposed Agriculture Bill could have considerable implications for rural holiday destinations as it is the government's intention to reward farmers with subsidy for "public good" to replace the Common Agricultural Policy. This means that farmers will have incentives to manage land for *environmental protection, access to the countryside, and work to reduce flooding.* That could be good for rural tourism in the long-term.

There are clearly a lot of things to watch out for in the government's legislative programme – the role of HHA is to look out for your interests and highlight any issues long before proposals become law.

No Change at DCMS

There has been no change of ministers at the DCMS. Nicky Morgan, although she herself has suggested that her role is short-term, remains Secretary of State, and has been elevated to the House of

Lords to make that possible, because she is no longer an MP. There is speculation in the press that the DCMS might be broken up in February. Helen Whately MP remains the minister responsible for tourism, at least until an expected reshuffle in early February.

HHA set to simplify subscriptions and offer direct debit discounts.

As reported in News 155, changes to the subscription rate for small business members are to be introduced from January 1st. The new rates are:

| Units | Full subscription | Paypal on joining | Direct Debit (all years) |
|------------|-------------------|-------------------|--------------------------|
| 1 - 3 | 40 | 35 | 30 |
| 4 - 6 | 50 | 45 | 40 |
| 7 - 10 | 70 | 65 | 60 |
| Commercial | 100 | 95 | 95 |

Preparation work for this to be implemented when new members join has now been done and when new members join from 1st January they will have the option of getting £5 off the first year's subscription if paying by Paypal or credit/debit card there and then, or they can set up a direct debit electronically and get a reduction of £10 per year.

HHA has set up arrangements with large payment services provide GoCardless for the direct debit system and all direct debit mandates will be created by members online. Existing members will be encouraged to renew by setting up direct debits. There will be a special web page

for renewals with links to GoCardless so that existing members can switch to direct debit and enjoy the reduced subscription rate.

The £5 discount on Paypal payments only applies to new members joining as an incentive to pay immediately – hopefully reducing the number who do not go on to pay at all!

HHA will continue to accept cheques, although nowadays relatively few members pay subscriptions in that way. Bank transfers will also of course be welcome but there won't be a discount for BACS or cheque payments.

Direct Debits are of course governed by the Direct Debit guarantee.

The aims of these changes are to simplify subscription rates, improve renewal rates, and reduce the task of chasing up non-paying members.

HHA to offer new tax helpline

The HHA already offers a free legal helpline as a member service and, starting early in 2020, we will be partnering with the firm of Stanley Tax Associates Ltd who will be:

- Providing short newsletter articles on tax issues in a similar way to those on insurance provided by David Morris.
- Providing a free helpline number so that members wanting to speak to a qualified accountant on a subject that's bothering them will be able to call for a chat. Obviously, this is a chat-with-us service and won't include studying

your big black leather-bound book of accounts!

The firm's helpline will be based in Brighton but they do have offices in Plymouth, London, and Edinburgh as well. Full details of the new member benefit will be in January's HHA News.

AirBNB wins a case at EU court

The European Court of Justice has ruled that AirBNB is an "Information Society Service" and not an estate agent required, under French law, to be licenced and have various financial safeguards in place such as liability insurance.

The judgement makes it more difficult for cities around Europe to regulate AirBNB because of European law that allows companies to compete freely across borders.

The Court identified the fact that AirBNB does not fix prices for owners or determine which property a customer should book, as important considerations that meant it was not an agent.

The implications of the decision in the UK are quite limited. Any proposals for regulation of the short-term rental sector such as the HHA policy of compulsory registration, would be unlikely to come in before the end of the Brexit transition period.

The ruling has been welcomed by the Short-Term Accommodation Association and the European Holiday Home Association, both of which are believed to include AirBNB as members or supporters, and by the Association of Scotland's Self

Caterers. Whilst HHA does not object to AirBNB or other competition in the market, we are in favour of a “Level Playing Field” underpinned by compulsory registration that would prevent unlicensed, unregulated, and unsafe properties being offered by the unaware or unprincipled owner! We have not, therefore, joined in this chorus of welcome!

Insurance Tips from David Morris

Trees. What have trees to do with insurance?

They can be the source of many different types of claim, so it may be useful to know what should be covered by your policy.

Trees can fall on your property and cause damage at any time, regardless of whether they are old and had enough, or weather conditions are such that the tree has no chance. Falling trees, whether yours or your neighbours, are covered for the damage they cause to your property (and any subsequent loss of income).

But what if your tree falls and damages a car belonging to your guest? Just because it happens does not make you negligent or responsible. The question is ‘why did the tree fall?’ If severe weather conditions caused the tree to fall, it is unlikely that you are at fault. If you have never checked your trees, and the next gentle puff of wind knocks one of your trees over, it is possible that you are negligent. If you are negligent your public liability insurance will pay the claim for the damage to the guest’s car. Always the advice to your guest is to claim from their own vehicle insurances, and if the vehicle



insurer feels that you are likely to be negligent, they will ask you for reimbursement. At this point you pass the correspondence to your insurance broker.

Roots of trees can cause subsidence to your property as they seek water (especially in very dry periods). If your tree roots cause damage to your neighbour’s property you can be considered negligent, and therefore a claim under your public liability insurance will be made.

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Strong Customer Authentication

Most of us are getting used to receiving text messages that provide an extra code that we need to authorise an online purchase. What's behind this is the EU's Payment Services Directive 2, which requires the introduction of much stronger authentication of payments in order to cut down the vast amount of money being lost in credit card fraud across Europe. The UK is one of the countries where the most is lost through this fraud. It is thought that Brexit will not change the UK position as the UK Financial Conduct Authority plans to retain it.

Strong Customer Authentication is based on the principle of two factors out of three. The customer must prove their identity in two ways out of:

1. Knowledge – knowing a password or PIN
2. Possession – custody of a device, mobile phone etc
3. Inherence – perhaps more to be used in the future, such as facial recognition or a fingerprint.

When you buy something in person the elements of possession (of a card) and knowledge (of a PIN) are present. Contactless payments are exempt due to their low value but if you were to make a series of contactless payments, systems would kick in to require your PIN.

Now, unfortunately, the trouble with all this is that it is off-putting to customers. A significant proportion of transactions don't make it to the end. But if there is no SCA in place, under the Directive, the

trader could be liable for compensation in the event of a fraud.

Implementing this, collecting the data, authorising the transaction, falls to payment service providers, rather than the business selling the service. So it is important to use a payment services provider that is up to speed with these new requirements. There are quite a lot of payment service providers in the market and it is easy to find lists of them online.

The Directive is already in force in theory, but we are now effectively in a period of grace. Many businesses have not yet implemented the inconvenient but now necessary changes to the way they accept online payments.

An improved system known as 3DS2 is being introduced – this is where the customer is passed to a web page generated by their own bank to enter a separate password – and this is gradually going to be an option and a more convenient one for customers.

Many agencies will have long-standing relationships with customers who may be elderly and perhaps less than up-to-date in their use of technology such as smartphones and more challenged by SCA. The option of making card payment by telephone remains available and not subject to SCA.

GoCardless have produced a good guide: <https://gocardless.com/guides/posts/sca-guide/>

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