

Status: This version of this provision is prospective.

Changes to legislation: Estate Agents Act 1979, Section 16 is up to date with all changes known to be in force on or before 13 August 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes



Estate Agents Act 1979

1979 CHAPTER 38

Clients' money and accounts

PROSPECTIVE

16 Insurance cover for clients' money.

- (1) Subject to the provisions of this section, a person may not accept clients' money in the course of estate agency work unless there are in force authorised arrangements under which, in the event of his failing to account for such money to the person entitled to it, his liability will be made good by another.
- (2) The Secretary of State may by regulations made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of either House of Parliament,—
 - (a) specify any persons or classes of persons to whom subsection (1) above does not apply;
 - (b) specify arrangements which are authorised for the purposes of this section including arrangements to which an enforcement authority nominated for the purpose by the Secretary of State or any other person so nominated is a party;
 - (c) specify the terms and conditions upon which any payment is to be made under such arrangements and any circumstances in which the right to any such payment may be excluded or modified;
 - (d) provide that any limit on the amount of any such payment is to be not less than a specified amount;
 - (e) require a person providing authorised arrangements covering any person carrying on estate agency work to issue a certificate in a form specified in the regulations certifying that arrangements complying with the regulations have been made with respect to that person; and
 - (f) prescribe any matter required to be prescribed for the purposes of subsection (4) below.
- (3) Every guarantee entered into by a person (in this subsection referred to as "the insurer") who provides authorised arrangements covering another person (in this

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subsection referred to as “the agent”) carrying on estate agency work shall enure for the benefit of every person from whom the agent has received clients’ money as if—

- (a) the guarantee were contained in a contract made by the insurer with every such person; and
- (b) except in Scotland, that contract were under seal; and
- (c) where the guarantee is given by two or more insurers, they had bound themselves jointly and severally.

(4) No person who carries on estate agency work may describe himself as an “estate agent” or so use any name or in any way hold himself out as to indicate or reasonably be understood to indicate that he is carrying on a business in the course of which he is prepared to act as a broker in the acquisition or disposal of interests in land unless, in such manner as may be prescribed,—

- (a) there is displayed at his place of business, and
- (b) there is included in any relevant document issued or displayed in connection with his business,

any prescribed information relating to arrangements authorised for the purposes of this section.

(5) For the purposes of subsection (4) above,—

- (a) any business premises at which a person carries on estate agency work and to which the public has access is a place of business of his; and
- (b) “relevant document” means any advertisement, notice or other written material which might reasonably induce any person to use the services of another in connection with the acquisition or disposal of an interest in land.

(6) A person who fails to comply with any provision of subsection (1) or subsection (4) above or of regulations under subsection (2) above which is binding on him shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed the statutory maximum.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 21A inserted by [2007 c. 17 s. 54\(1\)](#)