



Department for the
Economy
www.economy-ni.gov.uk

Trading Standards Service

Caravan Holiday Homes

The questions you should ask

June 2016

Crown Copyright

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This document is also available in an accessible format if required i.e. Braille, large print, audio cassette or in a minority ethnic language

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The following information is for guidance only and is not intended to be a definite statement of the law affecting agreements to keep a caravan on a holiday caravan park

1

Who is this booklet for?

This booklet provides advice for owners, or people considering buying a caravan holiday home, commonly known as a 'static' caravan. This is the type of caravan, which is:

- kept on a holiday park that is only open for certain months of the year,
- sited on a "pitch", and
- used for holiday purposes only.



While it is important that the individual sections are read and understood by anyone considering buying a caravan, it is strongly recommended that you pay particular attention to:

Section 5 - Dealing with the written information you should receive before you agree to occupy a holiday caravan pitch; and

Section 8 - Containing a summary of the issues that caravan owners have been asking most questions about since the Caravans Act (NI) 2011 came into effect, and our responses to those questions.

This booklet is not for owners of touring caravans, motorhomes or residential park homes.

2

Some background facts

Northern Ireland has over 100 caravan parks, most of which are located around the coasts of North Antrim, South Down, the Ards Peninsula and throughout Fermanagh. Many thousands of people enjoy the holiday caravan experience and the sector benefits both tourism and the economy within Northern Ireland. The vast majority of these are operated as privately owned businesses.

Before you check out the parks in your preferred area you should be aware that the purchase of a caravan, and where it will be sited on the park, is usually all part of the one deal. Purchasing the caravan on a holiday caravan park allows you to use the caravan in accordance with the written contract and park rules (known more commonly as the licence agreement, referred to in the rest of this booklet as 'the Agreement' (see section 5 for an explanation of these terms).

You should visit parks you are interested in with the following in mind:

- the prices of the caravans on sale and their likely resale value;
- the length of time covered by the Agreement. It is recommended that you should look for a minimum of a ten year licence on a new holiday caravan (or if it is a used holiday caravan, the balance of that period from the date that the holiday caravan was first sold) or, at the very least, an assurance from the park owner that a 12 month Agreement will be renewed at the end of each season subject, of course, to your paying your pitch fees, abiding by the Agreement and the park rules and keeping the caravan in good condition. If purchasing a new caravan there should be no requirement to replace the caravan (within the occupancy period stated in the Agreement) in a particular number of years in order to remain on site;
- the cost of pitch rental and how and when this can change;
- any other charges and typical running costs (see section 3);
- what amenities are available on the park and nearby;
- the terms and conditions contained in the Agreement (see section 5);
- where the caravan will be located on the park;
- whether the park owner is a member of an industry trade association and subscribes to a code of practice (see page 19); and
- your own personal preferences e.g. sea view, decking etc.

Buying a holiday caravan is part of a package that includes a written Agreement to site it on a pitch. As such, if it is new, it is usual that you will have to buy it from or through the park owner. Some park owners are agents or dealers for particular types of caravans. You may be offered a choice of a new or a second hand caravan.

The Caravans Act (Northern Ireland) 2011 requires park owners to give a written statement (referred to in this booklet as 'the Agreement') to anyone renting a holiday pitch for more than 28 days (see section 5 for more information on the Act's requirements).

This Agreement should make clear any terms specifying the length of time the caravan owner will be permitted to keep their caravan on the park and what will happen when that time expires. It is not permissible for an Agreement to specify that the caravan must be replaced after it reaches a certain age. It is very important that you read and understand all the terms of your Agreement before you commit to rent a pitch or purchase a caravan.

Remember, buying a caravan and moving onto a pitch is a long-term commitment, and if, for example, you were to decide after only a year or two that it's not for you and you choose to sell up, our experience is that you would, in all probability, lose a very significant portion of the money that you originally paid. You should therefore ensure that all terms and conditions are agreeable to you so that there are less likely to be any surprises in the future.

Finally, it is important to emphasise that, although you own the caravan, you do not own the land on which it is pitched.

Therefore, in order to sell your caravan on its existing pitch to another party, you will almost certainly have to obtain the approval of the park owner (**see Section 4**).

3

What will it all cost?

WHAT WILL IT ALL COST?

CAPITAL COSTS

The caravan itself

INSTALLATION

Transport, siting, connection and commissioning

RUNNING COSTS

Pitch Fees

Electricity and gas

Rates

Annual maintenance and servicing

Repair

Insurance



Buying a caravan

The biggest initial outlay is the caravan itself.

The price of a new caravan depends on its size, accommodation, style and the fitted extras. A second hand caravan is valued according to its age and condition. You should bear in mind that a caravan is a depreciating asset.

Installation

There may be further costs relating to siting and commissioning of the caravan and transportation (if bought from outside the park). Commissioning covers such things as building or improving a foundation (a base) on which the caravan sits, connecting it to electricity, gas, water and sewerage and ensuring the appliances are working.

Remember: Get an “all-in” quote when negotiating the purchase.

Do not forget about the costs of occasional repair, maintenance, improvement, winterisation, insurance and servicing.

Running Costs

Pitch Fees

Since you hope to use the park for a number of years, find out as much as possible about previous and future price increases.

The biggest of the annual running costs is the pitch fee.

Pitch fees tend to increase from year to year. Factors like inflation, district and regional rates and the cost of any improvements the park owner chooses to make would normally be the main contributors to increased pitch fees. In addition, some parks have special areas with more services (e.g. piped gas) for which you can expect to pay extra.

Although you cannot expect a guarantee as to the exact amount of future increases, the park owner should be able to tell you what factors he uses to determine the annual pitch fee increase such as the Retail Price Index (RPI) for inflation and these should be set out in the Agreement.

If you consider that the park owner is using a term in your Agreement to increase pitch fees excessively or unjustifiably then this term may be challenged for fairness (under the unfair terms provisions in the Consumer Rights Act 2015). You should contact the Trading Standards Service for advice on this matter (see Section 7). However, if your Agreement to rent the pitch is only for 12 months then it will not normally include a term relating to pitch fee reviews.

Some park owners charge a higher pitch fee if they did not sell you the caravan as the park owner will try to “mitigate” what they see as their loss in missing out on the sale of a caravan.

Pitch fees, for the following season, are normally due for payment in the first quarter of each year. Many park owners offer a discount if you pay them before a certain date. Some parks offer payment plans, you should check with the park beforehand.

Electricity & Gas

You will need to buy electricity and gas when the caravan is in use.

The maximum price at which electricity can be sold to a caravan owner is controlled by law. Since 6 September 2007 electricity cannot be resold at a profit (a small charge may be made for reading the meter and making up the bill). Either the park or the individual pitch should be metered. If the pitch is metered the bill should state the units consumed, the cost per unit and the total price. If only the park is metered the bill should state the number of units apportioned fairly to the caravan, the cost per unit and the total price. You can ask to see the bill to verify the charges (see section 7 for who can help).

Most caravans use LPG (liquefied petroleum gas) supplied in gas cylinders for cooking, heating and hot water. If a park owner insists that customers only buy gas cylinders from them, this requirement could be regarded as unfair and not enforceable by the park (see section 7 for who can help).

Other costs

The same principle applies when a park owner says certain goods or services must be bought from them (repair work, storage boxes, etc.) If this causes a loss to the caravan owner the requirement may not be binding (see section 7 for who can help).

However, the park owner is within his rights to reasonably require some things (e.g. repairs, maintenance, etc.) to be done in a certain way, particularly when they relate to safety and the good order of the park. Your Agreement should make clear what restrictions should be observed (see Section 5).

Insurance

Clearly a caravan and its contents have a considerable value, and insurance for both needs to be considered.

Park owners will almost certainly require that caravans have adequate insurance cover and most park owners can arrange specialist caravan insurance. Don't assume your caravan will be covered under your household insurance - this is unlikely.

Many park owners can arrange insurance usually with a particular insurance provider. They cannot insist you buy this insurance but, if you do not, they can charge a reasonable annual administrative fee for checking any cover you take out.

Excessive charges for this could be regarded as a penalty and are open to challenge as unfair (see page 25).

Before buying any insurance ask for a copy of the policy and read it carefully.

Insurance - what type are you buying?

- New for old, or
- Market value.
- If you opt for a "new for old" policy make sure that the "sum insured" is adequate i.e. covers the amount needed to purchase and site a brand new caravan and dispose of the old one. You can check this with suppliers of new caravans.

Make sure it covers:

- 3rd party liability,
- public liability,
- the caravan all year round.

You should also check the extent of the policy's exclusion clauses.

As with all insurance, it pays to shop around. Look out for companies that specialise in caravan insurance.

4

How do I go about selling my caravan?

Although your caravan is your property and you can sell it however and to whomever you choose, there are some important qualifications.

Since you do not own the land on which your caravan is pitched, you will need the park owner's permission to sell the caravan privately on the pitch.

The park owner may choose to buy the caravan themselves and will generally have the right of first refusal on the caravan under the Agreement. Alternatively, you could sell the caravan privately by taking it off the park. However, this is rarely a practical proposition, because de-siting, transporting and arranging suitable storage space can be expensive (we are aware of some caravan owners being charged what appeared to be hugely disproportionate sums which were out of step with the amount of work involved in decommissioning their caravan and moving it to the site entrance). Also, and perhaps more importantly, there is likely to be little demand for a caravan without a pitch. Furthermore, anyone seeking to bring a caravan they have purchased elsewhere onto a park may be asked to pay a "joining fee" or "gate fee". In addition they may also have to pay higher pitch fees as the park owner will try to "mitigate" what they see as their loss in missing out on the sale of a caravan.

Two common scenarios:

Scenario 1: Your Agreement has not expired (e.g. you bought a new caravan with a 10 year licence 4 years ago) and you no longer want to continue caravanning.

In these circumstances any term in your Agreement which prevents you selling, giving or bequeathing the caravan to another suitable person could be challenged as unfair (see Section 7). In its Guidance Document OFT 734 (para 5.32) the Office of Fair Trading commented as follows:-

"We object to terms that completely prevent caravan owners from selling their caravans, with the benefit of the licence to station it on the park, to third parties as this is open to abuse. By preventing private sales, park owners can purchase the caravans themselves at very low prices", and "Although there is no objection to park owners seeking first refusal on the caravan, at a fair price, they are expected to deal fairly with caravan owners and not to hinder private sales".

The issuing of the new Agreement to a third party may be subject to the park owner's consent but such consent should not be withheld unreasonably. As well as agreeing to give their consent to a private sale most park owners will charge a commission to the seller in connection with the sale of a caravan in these circumstances.

The rate of commission charged should have been agreed when your Agreement was drawn up and be very clearly, and also very prominently, displayed in the Agreement (if it is buried somewhere in the small print or is otherwise difficult to find, it will almost certainly be held to be 'unfair'). It should also be reasonable, and proportionate to the work carried out by the park owner in relation to the sale of the caravan and the transferring of the right to station it on the park. In any event, it should never exceed 15% of the selling price plus VAT. This rate has been deemed by both the NCC (National Caravan Council) and the British Holiday and Home Parks Association (BH&HPA) as the absolute maximum that should be charged by a park owner in relation to a caravan being sold privately on its pitch.

Commission rates in excess of 15% plus VAT could be regarded as a way of putting caravan owners off the idea of selling their caravans privately, and, instead, driving them towards the significantly lower prices likely to be offered in sales back to the park. This might well be construed as unfair.

Terms which impose excessive or unreasonable charges on caravan owners selling caravans on their pitches are very likely to be considered 'unfair' and, consequently, unenforceable by the park owner. The use of such terms is likely to prevent the park owner claiming that he was *dealing fairly, acting in good faith, or taking the interests of the caravan owner into account.*

Remember also that when you become a new owner or enter into a new agreement with the park owner, the rate of commission is negotiable, so don't be afraid to haggle for a better deal! Furthermore, commission charges are subject to VAT. To give you some idea of what this means in practice, if you agreed to sell your caravan for £10,000 at a commission rate of 15% then you will be liable to pay the park owner £1,800 in total for commission and VAT.

Your Agreement will generally give you the right to make a gift of your caravan to a proven family member and, if you do so, that family member will normally be given, without charge, an Agreement for the unexpired period of the Agreement period that contains no less favourable terms than those you have enjoyed.

Scenario 2: Your Agreement has expired and, you no longer want to continue caravanning.

In these circumstances you will have to negotiate with the park owner about the options available to you for selling your caravan back to the park owner or removing your caravan from the park.

Because the Agreement has expired, the park owner is not obliged to offer you the option of selling the caravan to a 3rd party with the benefit of the pitch or issue you with a new Agreement.

If you have decided to sell the caravan back to the park owner, you should still try to get a fair price. You can satisfy yourself that the price being offered is fair by:

- Visiting other parks and checking the prices of any caravans on sale similar to your own,
- Asking some caravan dealers if they would buy your caravan and how much they would give for it. When calculating a price, many park owners and dealers use a trade guide that lists retail and trade-in prices for all types and ages of caravan. If you are concerned about the price offered, ask to see the price shown in the guide before making a decision.

These tips also apply if you want to trade-in your old caravan for a new or more recent model.

However, you should also bear in mind that the buying and selling of caravans is an integral part of the business of most caravan parks. Park owners are under no obligation to buy a caravan (e.g. that they consider is unsellable).

5

Am I entitled to something in writing?

Hiring a pitch and paying a yearly rental means you have entered into a binding legal agreement. Both the park owner and caravan owner have rights and obligations under such an arrangement and it is essential to know what these are - especially when you may be holidaying there for a number of years. Since September 2011 caravan park owners have been required by law (Part II of the Caravans Act (NI) 2011) to give anyone renting a holiday pitch for 28 days or more a written statement (Agreement) setting out the following:

- the names and addresses of the parties,
- the location on the park (pitch) where the caravan is to be stationed,
- the express terms contained in the Agreement,
- the implied terms of the Agreement under section 9 (1) of the Act dealing with Occupiers' Associations.

The express terms normally include:

- **Tenure:**
 - how long you can stay on the park. You should look for a minimum of a ten year licence if purchasing a new caravan; and
 - what factors affect the renewal of your Agreement.

Think very carefully before agreeing to or signing any Agreement that only gives you the right to stay on the park for one season at a time. If the park owner decides not to issue you with a new Agreement and asks you to remove your caravan you will have, effectively, no comeback or right to redress.

If you are asked to sign up to a 12 month Agreement you should, at the very least, seek a written assurance from the park owner that your contract will be renewed on an annual basis, subject, of course, to you paying your pitch fees and other charges, abiding with the terms of the contract and the Park Rules and keeping your caravan in good condition. It's always better to get this assurance in writing if you can, but even an oral assurance is sufficient to make the promise part and parcel of your holiday caravan agreement, which will then have to be honoured by the park owner.

- **Pitch fees:**
 - what is included in the fee;
 - what payment arrangements are available; and
 - how and when the pitch fees will be reviewed.
- **Periods during the year when the caravan may be used**

- **Termination of the Agreement (by either party)**

- **Resolution of disputes**

- **The rights or obligations of the parties in relation to any specific matters likely to arise during the lifetime of the Agreement.**

These could include:

- Requirements for moving or re-siting the caravan;
- Access to the caravan by the park owner;
- Gifting the Agreement to a family member;
- Restrictions on use of the caravan (e.g. hiring);
- Insurance requirements;
- Annual maintenance, winterisation, repairs and servicing;
- Behavioural standards to be applied on the park;
- Services, amenities, utilities and facilities to be provided;
- Variation of the Agreement;
- Requirements for de-siting, decommissioning or removing the caravan from the Park when the Agreement has ended.

- **Arrangements for selling your caravan**

- Selling options;
- Commission payable.

- **Park rules**

Nearly all parks will issue what are known as park rules. These are important and should be read carefully. They are housekeeping instructions about what you can and cannot do and will normally form part of your contract with the park owner.

When the Written Statement (Agreement) should be given

The Written Statement should be given to you before you commit yourself to renting a pitch. The legislation takes into account that most people will start discussions about renting a pitch long before they actually make the agreement to rent it, and therefore the Written Statement must be given at least 28 days before the date the Agreement is made. If this is not possible, for example, because you want to get onto the park more quickly, then the park owner should ask you to agree to this in writing (i.e. by signing a suitable waiver).

The primary aim is to ensure clarity and transparency in the terms of the Agreements allowing caravan owners to station caravans on holiday parks.

Failure to include relevant express terms in Written Statements (Agreements)

If any express terms of the Agreement are either not given in writing, or not given before the appropriate time, then any such terms are legally unenforceable.

It is not uncommon in holiday caravan agreements for contractual provisions to appear in more than one place. Each document, web page, receipt, warranty or oral statement, for example, may well contain rights or obligations that exist between the park owner and the caravan owner. Therefore, while the written statement (Agreement) is generally the principal, and most important contractual document, it is not necessarily the only one that is relevant to the relationship between the two contracting parties.

It is important to remember though that, wherever these express terms appear within the range of contractual clauses that may exist, unless they have been included within the written statement (Agreement) required by the Caravans Act 2011, they will be **legally unenforceable** by the park owner.

Furthermore, any park owner who attempts to compel a caravan owner to comply with one of these terms, when the term in question was not included within the written statement (Agreement) as required by the Caravans Act 2011, is likely to commit a criminal offence under the Consumer Protection from Unfair Trading Regulations 2008 - i.e. misleading a consumer about their rights and obligations under a holiday caravan agreement.

Consultations with occupiers' associations

Caravan owners on parks can form themselves into 'qualifying occupiers' associations'. If a qualifying occupiers' association is formed on a park, the park owner is required (subject to certain conditions*) to consult with the association about all matters which relate to the operation and management of the park, or to any improvements to the park, which may affect the occupiers either directly or indirectly.

However, the requirement to 'consult' with a qualifying occupiers' association does not extend to the issue of pitch fee increases. The courts have determined that pitch fees are a matter for individual negotiation rather than collective negotiation.

*** The conditions to be fulfilled by the occupiers association are that it:**

- represents at least 50% of the caravan owners on a park;
- has a written constitution, rules and membership list which are open for 'public inspection';
- has a democratically elected chairman, secretary and treasurer who take the day-to-day decisions; and
- all other decisions are taken by voting and there is only one vote per caravan.

6

Can I be put off the park?

You are expected to observe all the park rules and comply with your obligations under the Agreement. Very many of the park rules are designed to ensure good order and good neighbourliness.

A serious breach of these rules or any part of the contract may allow the park owner to terminate the Agreement and ask you to leave the park.

If the matter is less serious you will normally be given an opportunity to remedy the problem.

You should, in most circumstances, be given reasonable notice before any action is taken, however it remains the position that, in a small number of particularly serious cases, a breach may not be capable of being put right and the park owner may, therefore, be able to end the Agreement straight away.

Caravan owners who have signed up to 12 month Agreements, and secured an assurance from the park owner that these Agreements will be renewed annually as long as the pitch fees are paid, the terms and conditions in the Agreement are complied with and the caravan is kept in good condition, are entitled to have that 'promise to renew' honoured. It should not be withheld, for example, following the caravan owner having to remedy a minor breach of park rules or perhaps having raised a legitimate issue with the park owner about consumer protection legislation by refusing to renew the Agreement in such circumstances. In the event of this scenario occurring the caravan owner should report this to the Trading Standards Service immediately.

7

Who can I contact if something goes wrong?

If you have a problem, there are a number of organisations you can turn to for help and advice. In most cases it is advisable to speak to the park owner first and try to resolve any difficulty.

The Trading Standards Service

This Service, which is part of the Department for the Economy, is responsible for enforcing a wide range of consumer protection laws. It gives advice and also investigates complaints.

The Trading Standards Service enforces the Consumer Protection from Unfair Trading Regulations 2008. These Regulations prohibit commercial practices by traders which involve:

- i. Misleading statements made to consumers, (misleading actions);
- ii. Traders omitting to mention important facts in their dealing with consumers (misleading omissions);
- iii. Aggressive practices used by traders on consumers; and
- iv. Trading in a manner that is out of step with “honest market practice” (lack of “professional diligence”).

If consumers are subject to any of these “unfair commercial practices” on the part of park owners, and, as a result, their economic behaviour (i.e. the decisions or actions they take) is affected, this could give rise to the commission of criminal offences and should be reported to the Trading Standards Service immediately.

The Trading Standards Service may also take action in relation to provisions within the Agreement that could be construed as unfair contract terms (under the Unfair Terms provisions in the Consumer Rights Act 2015); for example terms that:

- exclude the park owner’s liability to supply a caravan of satisfactory quality, fit for its purpose and matching the description given,
- exclude the park owner’s liability for negligence in causing death or injury, or damage to your caravan, car or other possessions,
- are not clear about what you have to pay both now and later on,
- let the park owner make significant changes to your rights and obligations without consulting you, or for reasons that are not clear,

- tie you into buying goods and services from the park owner, or deny you the right to use competent, independent contractors for no valid reason,
- impose unreasonably high commission rates when you sell your caravan privately “on the pitch”,
- allow the park owner to move you from your pitch without a valid reason,
- do not require the park owner to return your caravan (after it has been moved temporarily) to your original pitch or a comparable one,
- prevent you during the period of the Agreement from selling the caravan privately on it’s pitch. The park owner can legitimately ask to approve the prospective buyer, but they cannot withhold that approval unreasonably,
- allow the park owner to require that you buy a new caravan to be able to stay on the park, when your caravan is in good condition and your Agreement has not expired,
- give the park owner the right to sell your possessions to recover money you owe him,
- make you pay an excessive interest rate, or extra penalty charges, for late payment of fees and charges,
- allow the park owner complete freedom to decide the meaning of terms in the Agreement,
- allow the park owner complete freedom to decide whether you are in breach of the Agreement and to penalise you,
- allow the park owner to end the Agreement on a whim or in relation to minor, or rectifiable breaches of the Agreement,
- impose unreasonable restrictions or conditions on your use of the caravan,
- seek to bind you to other documents or terms that you have not seen, nor had brought to your attention.
- are long, legalistic or in other ways unclear,
- bind you to onerous or unreasonable terms that could be considered unfair.

Trade Associations

The main associations representing caravan park owners are the British Holiday & Home Parks Association (BH&HPA) and the NCC (National Caravan Council).

The NCC has a Consumer Code scheme to help raise standards across the caravan holiday home sector and therefore give purchasers of holiday homes greater peace of mind. This Code covers the purchase and sale of new and pre-owned Holiday Homes, the agreement to occupy a pitch for a defined period and includes details of the NCC's alternative dispute resolution service and procedures which helps customers resolve any complaints with member parks.

The Code establishes a benchmark for industry best practice and minimum standards to be upheld by NCC member parks, which are then independently monitored and policed through the NCC Approved Holiday Park – Holiday Home Ownership scheme. Customers can be assured that the park they are buying from has made a conscious and tangible commitment to protect their interests and can identify Approved members by looking for the NCC Approved scheme badge (see link below).

The Code only applies to holiday parks that are in membership of the NCC – for more information including a list of all Approved members and further buying advice please visit: www.approvedholidayparks.co.uk.

In addition the NCC have recently published a guide to buying a caravan holiday home which can be viewed at:

http://thencc.org.uk/downloads/CHH_buying_advice_022016.pdf

Contact Details

Trading Standards Service

176 Newtownbreda Road,
Belfast BT8 6QS

Our Consumer helpline

Telephone: 0300 123 6262

Fax: (028) 9025 3935

Textphone: (028) 9025 3988

e-mail: consumerline@economy-ni.gov.uk

The Utility Regulator

If you would like further information about the Maximum Resale Price of electricity see the Utility Regulator website at: www.uregni.gov.uk

The National Caravan Council (NCC)

Catherine House,
Victoria Road,
Aldershot,
Hampshire GU11 1SS

Telephone: 012 5231 8251

Website: www.thencc.org.uk

British Holiday and Home Parks Association (BH&HPA)

Chichester House,
6 Pullman Court,
Great Western Road,
Gloucester GL1 3ND

Telephone: 014 5252 6911

Website: www.bhhpa.org.uk

The National Association of Caravan Owners

This is a privately run company that caravaners can join for an annual fee. For this subscription you receive a quarterly magazine, access to legal advice and insurance services.

Leisureframe House,
37 Clacton Road,
St. Osyth, Essex CO16 8PA

Telephone: 012 5582 0321

Website: www.nacoservices.com

**The Environmental Health Department
of the local Council.**

All caravan parks in Northern Ireland are required to be licensed by the District Council in which they are situated. The site licence usually stipulates the number of caravans permitted on the site, their spacing and a variety of other matters mainly related to health and safety.

The Northern Ireland Tourist Board (NITB).

The Board endorses a star rating awarded to caravan parks under the UK 'Star Quality Grading Scheme'. This reflects the overall quality of the park.

Tourism Northern Ireland

St. Anne's Court,
59 North Street,
Belfast BT1 1NB

Telephone: 028 9023 1221

Website: www.discovernorthernireland.com

Your local Citizens Advice

Citizens Advice offer free, confidential, impartial and independent advice. You can find your nearest one in the phone book or by contacting:

Citizens Advice Regional Office

46 Donegall Pass,
Belfast BT7 1BS.

Telephone: 028 9023 1120

Website: www.citizensadvice.co.uk

Online: www.adviceguide.org.uk

8

The issues you have been asking us about most - and our advice

Issue:

How long you'll be allowed to keep your caravan on the park and other important contract terms.

Our Advice:

Buying a new or previously owned caravan is an important purchase and you should carefully consider;

- the suitability of the caravan itself, and
- all the written terms of your Agreement, noting especially the length of time being offered to you to keep your caravan on the park.

The law gives you a 28-day period in which to review the terms contained in your Agreement. This time provides an important period for reflection. Further, if you are not completely satisfied with the terms proposed, you should speak to the park owner and should not proceed with the purchase unless all points are addressed appropriately.

In law, the terms of the Agreement for you to keep your caravan on the park must be made available to you in writing (in the form of a written statement).

This Agreement, must include a start date and an end date. **It is particularly important to negotiate and agree the duration of the Agreement. This is because the right to keep the caravan on the park lasts only to that end date, subject to any assurances you may have received from the park owner about your right to have your contract renewed annually.**

When you first purchase a new caravan, the park owner should offer you an Agreement to keep the caravan on the park for a minimum period of at least ten years. If you are buying a pre-owned caravan privately on a park, then the Agreement should offer a period reflecting at least the balance of ten years since it was new. So for example, if a four year old caravan is purchased, an Agreement should be offered for a minimum of six years. If you are buying a pre-owned caravan from the park then you will be offered a new Agreement.

Please pay particular attention to the end date of the Agreement being offered by the park owner. If the length of the Agreement is not stated, then this should be discussed with the park owner and an agreed end date added to the Agreement.

Also, as mentioned earlier, in Section 5, if the Agreement only lasts for 12 months, you should seek an assurance, preferably in writing, from the park owner that your contract will continue to be renewed annually so long as you comply with the Agreement and the park rules, pay your pitch fees as required and keep your caravan in good condition. If you do not get such an assurance, you will effectively be giving the park owner the unchallenged right to put you off the park after just one holiday season, without even having to give you a valid reason. You need to think about this very carefully indeed before you sign a binding legal arrangement that effectively commits you to handing over, potentially, a very large sum of money indeed without any assurance that you will be allowed to remain on the park after the first year. If you are not able to negotiate such an assurance with the park owner it would be prudent to consider purchasing a caravan on another park where this essential, and entirely reasonable assurance is provided.

Issue:

Selling your holiday caravan privately on its pitch.

Our Advice:

As with anything else you own, caravan owners have the right to sell their caravan to whomever they wish.

It is important to check your Agreement carefully to ensure it allows you to sell the caravan privately on the pitch with the benefit of the Agreement until the end date agreed at the time of first purchase.

In law, any Agreement which seeks to deny you your right to sell and achieve the best price is likely to be unfair and, therefore unenforceable.

Since you will generally be able to get the best price for your caravan by selling it privately on the pitch, this option should always be included in holiday caravan agreements. Both the NCC and the BH&HPA support a 'model agreement' which includes the right to sell privately on the pitch. Without such an option, the caravan owner would be, in practical terms, pushed towards a trade sale, where they would be likely to secure a much lower price for their caravan. This would be unfair to the caravan owner as they would face a potentially disadvantageous bargaining position if compelled to sell their caravan back to the trade in this way.

Options and procedures for selling your caravan, if the end date of the Agreement has not been reached, should be clearly stated in your Agreement. Generally these are as follows:

1. To sell the caravan privately with the benefit of the unexpired time in the Agreement (provided the park owner doesn't exercise their right of first refusal to buy it). The buyer must be approved by the park but the park owner may not unreasonably withhold their approval.

When the park has approved the buyer, and the sale has taken place the park must give the buyer a new Agreement for at least the period that remains to the end date. This Agreement must contain no less favourable terms to the new buyer than those contained in your original Agreement.

2. To sell the caravan to the park owner (but without the payment of any commission to the park).
3. To sell the caravan 'off the park' so long as you arrange the removal through the park and pay all their reasonable charges for doing so. No commission is payable in these circumstances.

Issue:

Paying commission to the park owner when selling your holiday caravan privately.

Our Advice:

When you enter into an Agreement with the park, a commission is likely to become payable when you sell the caravan on the pitch to a private buyer.

The commission is negotiable, so you really should take the opportunity to haggle over it for a better deal when buying. In any event, it must be clearly and prominently stated in the Agreement; and in no circumstances exceed 15% + VAT (see also Section 4).

If the commission rate is higher than this, it can be challenged as unreasonable (not in line with good industry practice) disproportionate and therefore may be ruled 'unfair'. A park owner who attempts to remove the option of selling to a third party in the event of your having indicated that you are prepared to challenge an excessive commission rate, may be in breach of consumer protection legislation, and you should contact the Trading Standards Service immediately.

It is recommended that purchasers think carefully before entering into Agreements, and look for parks that charge reasonable and proportionate commission rates.

Issue:

Park owners charging for checking your (independently sourced) holiday caravan insurance cover.

Our Advice::

It is the park owner's responsibility to ensure that all caravans on their land are properly insured and meet any specific site licence conditions imposed on them by the local authority or their insurers.

You can purchase insurance either through the park, or through any broker or insurance company you choose.

If you purchase insurance cover on the open market, please check with the broker or insurer that any insurance requirements stated in the Agreement are met. In addition the Agreement with the park owner may include an annual charge to cover the park's administration costs to check that insurance cover is in place. The charge should be reasonable and in proportion to the work actually carried out by the park owner, it should be prominently displayed in the Agreement and should be reasonable (the industry standard model agreement cites an annual fee of £35 plus VAT).

If you are being asked to pay an amount that seems excessive, ask the park owner for a breakdown of the costs. **They should always be able to justify what they are charging.**

Issue:

Being required by a park owner to up-grade your holiday caravan.

Issue:

Park owners offering low prices to buy back holiday caravans from owners.

Our Advice:

Your Agreement should state the length of time (start and end date) during which you are entitled to station your caravan on the park.

Unless there has been a serious breach of the Agreement, you will be lawfully entitled to station the caravan on the park until that end date (subject to payment of pitch fees, etc).

No term in the Agreement can lawfully require the purchaser to buy a new caravan either during the period of the Agreement or afterwards.

Any attempt to force the purchaser to “upgrade or leave” during the period (before the end date) would be regarded as unfair and unenforceable.

Once an Agreement has come to an end there is no legal requirement placed on either the park owner or you to enter into a new Agreement (or to buy a new caravan). If the caravan is in good condition and in keeping with the appearance of other caravans on the park, then the park owner may offer to enter into a new Agreement.

We strongly recommend that purchasers take steps to understand what it might mean for them if the Agreement is not renewed at the end of the period (see also Section 5).

If the park owner is unwilling to offer you a new Agreement you will have to arrange for the removal of the caravan from the park, and, as well as having to foot a very significant bill for the de-siting, decommissioning and removal of your caravan from the park, you are also highly unlikely to get a very satisfactory price when selling your caravan off the pitch.

Our Advice:

If you decide to sell your caravan on the park with the benefit of any unexpired time on the Agreement, or off the park, then a sale on the open market will almost certainly give you the opportunity to secure the best price.

The park owner is under no obligation to either buy the caravan back, or indeed offer you the best price. However they normally have first refusal under the Agreement and the right to buy it even in the case of a private buyer offering an increased sum.

If you come to the end of your Agreement, the park owner may wish to buy the caravan, or you can remove it from the park for your own use or remove it and sell it “off the pitch” either to a private or trade buyer. The park owner does not have first refusal to buy the caravan in such circumstances.

We suggest you carry out research amongst other parks and dealers to establish an appropriate price for your caravan based on its age, the unexpired licence period, and its location.

Please note: purchasing a caravan should be considered as a long term financial commitment. Sometimes circumstances change and if you have to sell up, for whatever reason, even after only a few months or a few years, be aware that what you recover on the sale is unlikely to match, or even come close to the original outlay.

Please also be sure to read the terms of your Agreement with the park very carefully, including the sections dealing with selling your caravan.

Issue:

Paying to have your holiday caravan removed from its pitch.

Our Advice:

Decommissioning, desiting and towing a caravan from the park can be a hazardous operation. The park owner must protect the park infrastructure and comply with the park's responsibilities for the health and safety of everyone on, and visiting, the park. Therefore, any work in decommissioning desiting and towing caravans from their pitch to where they can be loaded onto a transporter and then taken off the park normally needs to be undertaken only by the park owner or his agent.

Further, a trade buyer using their own appropriately insured, suitably competent contracted staff can collect (and maybe even decommission) a caravan.

The cost involved will depend upon many factors, such as where the caravan is situated on the park, how accessible it is, and whether a crane needs to be used. The costs involved may be significant.

The Agreement will normally require the park to provide a written quotation for this work. However, and importantly, it will also normally give you the opportunity to obtain an alternative written quotation for the same work to be carried out by an appropriately insured, competent independent contractor who would be able to carry out the work in line with industry standards.

Alternatively the park can offer to carry out the work at the same price you have been quoted.

Any contractual arrangements imposed on you by a park owner which have the effect of denying you the right to use quotations from competent, independent contractors without a valid reason are likely to be deemed unfair, and consequently unenforceable by the park owner.

In addition any attempt by a park owner to impose unfair ("non-binding") terms on caravan owners is likely to amount to them committing a criminal offence ("lack of professional diligence" – see also Section 7) which should be reported to the Trading Standards Service immediately.

Park owners should provide a detailed explanation of their charges in decommissioning and/or removing your caravan. Charges must be reasonable and based on the time spent and the work done.

If this is not the case, then you should challenge the park owner about any charges proposed, and ask for a full explanation.



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