

## **BH&HPA's New Standard Model of Licence Agreement 2025**

Following HPAG's promotion of the independent legal group claim, along with all the recent nationwide press coverage about the shocking abuse of consumers by Holiday Park Operators, it comes as no surprise that the sector's trade associations have started to react, in an attempt to counter the mountain of adverse publicity.

In this article, HPAG looks at the BH&HPA's recently published, 'remodelled,' recommended standard of licence agreement, and outlines why, in our opinion, we believe it is doomed to cause just as many problems for holiday caravan owners as the previous one.

### **First we need to face up to a few home truths.**

The reputation of the UK Holiday Park Sector is in tatters.

This is not down to HPAG or its members, it is down to the decades of underhand, intimidating, misleading and aggressive commercial practices, which are now widely recognised as endemic across the sector.

If you have 10s of 1,000s of ordinary, hardworking consumers, providing accurate accounts of their experiences, which are truly shocking, and if each of those experiences is so similar to the others, irrespective of park operator, then there is a reason. The 'norm' for the industry's standard of business is unethical and in many cases unlawful.

It is simply unconscionable to attribute responsibility for the significant decline in the sector's reputation to those voicing their experiences, or indeed to HPAG for providing a conduit for those experiences to be voiced.

It is a sad reality that many Park Operators and Industry Leaders are so bitter towards HPAG that they are failing to see the wood for the trees. They are leading their industry into the abyss, rather than addressing the legitimate issues that are being raised.

### **The figures speak for themselves;**

The sector is clearly important to the UK economy as it employs 226,745 (FTE jobs), raises £12.244bn in Visitor Expenditure and contributes £7.122bn to the economy.

However, the most recent data from the National Caravan Council (NCC trade association), which has been recording the figures for manufacturing and sales for decades, appear to demonstrate that the sector is now in a significant period of decline.

We are seeing numerous cases where holiday park companies are going into administration, leaving investors, staff, suppliers and consumers, all counting the cost.

The Royale Park group (England) collapsed into administration with debts of an estimated £1.5 billion, along with the Dream Lodge group and Exclusive Luxury Lodges. Celtic Holiday Park (Wales) has just reported collapsing into administration, as has Lifestyle Homes group (Northern Ireland). These are just a few examples, but rest assured, there are more in the pipeline.

Atlas Leisure Homes, a Hull-based manufacturer of holiday caravans for more than 50 years, has gone into administration with 180 job losses. Manufacturer, Willerby Holiday Homes, has also reduced employee numbers by 131 and reduced the remaining staffs' hours. Pemberton Park and Leisure Homes has reduced employment by 150.

Many of our members are reporting a significant reduction in parks' services and the quality of those services, as staff are released or leave.

We are seeing many stark photos of parks with significant numbers of empty pitches, or filled with empty sales stock in an attempt to give the impression that the park is full.

Park Operators are desperately offering new buyers fixed site fees for many years, no doubt paid for by their existing loyal customers, until they join the ever increasing exodus that we are now witnessing.

The BH&HPA has launched its 'Parks Make Places' campaign to *'showcase the real-world impact of parks and celebrate the role they play in strengthening communities, supporting sustainability, and powering the economy'* (quoted from Google search result).

HPAG considers that an alternative narrative is more apt; 'Parks Make Spaces' by showcasing the real-world experiences of owners and the incessant exploitation of their vulnerability, thereby confirming the validity of the sector's toxic reputation.

Until there is a seismic change of direction, driven by the sector, then, in the words of world famous Scottish philosopher, Private James Frazer, "We're all doomed!"

**But a seed has been sown and is now starting to sprout.**

We have been approached by numerous small to mid-sized operators, seeking to distance themselves from the rogue elements. It is clear that ripples of discontent are spreading across the sector.

HPAG will work with any Park Operator (with the exception of a few) who genuinely seek to rebalance their relationships with owners, by creating a mutually beneficial and respectful partnership.

**Why is it HPAG's view, that the new 2025 standard model of licence agreement simply doesn't cut the mustard?**

Quite simply put, it appears to HPAG to be nothing more than a rushed, rough, rehash of the original licence terms, which our members claim have already caused them many serious issues. We consider that no consumer, who had had the opportunity to influence the drafting of the terms, would have agreed to the majority of them.

**But firstly**, we have to give credit where credit is due, as it does contain some changes that are important. Here are a couple of examples;

It makes it very clear that you cannot live in your Holiday Caravan;

Part 1 Section 3 (page 3)

*You cannot live in your Holiday Caravan as your main home or register to vote here. It is for holidays only. The permanent address you give us must be your main home, where you live. It can't be other holiday accommodation.*

Part 1 Section 5 Pitch Fees (page 5)

'Inflation' is now measured against CPI, the Consumer Price Index, as opposed to the RPI, Retail Price Index.

The reason for this is perhaps straightforward, the Office for National Statistics (ONS) considers RPI to be a flawed and outdated measure of inflation, and strongly discourages its use, and the CMA considers it to be an unfair index, with consumers being unable to accurately assess future increased costs of services.

There are also some other more subtle changes too, which, when added together, you could be forgiven for considering them as a positive step in the right direction. That is until you take the time to consider the historic nature of the sector and the traits of the majority of Park Operators.

Do not be fooled, these licences have been drafted by the sector for the benefit of the park operators. Until such time that consumers have an input into them they will remain heavily weighted in favour of the park operators.

**Here's why HPAG considers that this rehash of the standard model agreement is likely to create more problems than it solves.**

**Part 1 Section 4 Insurance Fee (page 4)**

*4.3 You can buy insurance from an insurance company that we introduce to you or from an independent insurance company.*

It is highly likely that if you buy the park's recommended insurance, then the park will receive a hidden commission for acting as a 'broker' for the insurance company. We say 'hidden commission' as under FCA regs brokers are required to declare payments they receive from insurance companies. Very few if any park operators declare that they receive any such payments and anyone who has bought insurance through a park previously is likely to have a claim against the insurer as a result. Think of PPI or Car Finance type of claims.

#### **Part 1 Section 4 Insurance Check Fee (page 4)**

*Each year, you need to give us a copy of your insurance details to prove you have insurance. **You must also pay the yearly fee shown below plus VAT for us to check your insurance***

***We will only check the name of the insured, the coverage period, the insured amounts and that the insurance covers holiday use.***

HPAG considers that this charge is simply a way for the park operator to recover the equivalent amount to that which it would have received in 'hidden commission'. Previous licences have called this an Admin Charge for checking your insurance, giving the impression that the park operator was qualified to check insurance. The reality is that most will have simply done what is written in the above term; check the name, the dates, the amount covered and it is for a holiday home.

Money for old rope. Something as basic as this should be included in the pitch fee.

#### **Part 1 Section 4 Moving Your Holiday Home ( page 4)**

***4.5 We may disconnect and move your Holiday Caravan to another part of the Park for any reason. For example, we may be redeveloping an area, installing a new Park Facility, meeting local authority requirements or improving access. This list isn't complete and doesn't limit our reasons.***

As members of HPAG you will be aware of the horror stories where park operators have moved caravans from prime pitches to the worst pitches, citing all manner of pathetic reasons. This method is often used to harass holiday home owners into leaving or simply to sell more expensive units on the higher value pitches.

Just think about how some operators and staff are going to make use of the wording '**for any reason**' with the added bonus of it being **without limit**.

#### **Part 1 Section 5 Changing The Pitch Fee**

***5.1 The Pitch Fee may change each year. Any change to the Pitch Fee can only consider the following factors. Each factor may be considered every year but only to the extent a particular matter has not already been fully taken into account previously:***

*5.1.1. Inflation, which means the change in the CPI from the start of the Pitch Fee Year in which this Licence Agreement began until the **last index published before we give notice**.*

You may notice there is no longer any reference to a pitch fee 'review date'. HPAG considers that this new term opens the door for park operators to start gaming the inflation rate index system, by allowing them to review the pitch fees when the CPI rate is at its highest predicted rate in any given year.

You may recall, a couple of seasons ago, members were reporting that they received pitch fee review notices very late in the year, coinciding with when inflation was predicted to peak. Then the following season the same members received notices very early before inflation was predicted to drop. Clearly the park operators had been gaming the system to squeeze even more money out of their customers.

Previous advice from BH&HPA and NCC legal advisors appeared to suggest that the same month should be used, relative to the review date, when taking into account the RPI rate, as that would be an accurate reflection, over a 12month period, as to the changes in cost related to pitch fees.

Make no mistake, Pitch Fees will not be limited to the increase in CPI year on year. In our opinion this term now opens the door for all operators to play the system.

*5.1.2. **If not covered by Inflation** and only if it is reasonable in all the circumstances:*

*Money we've spent for the benefit of holiday caravan owners on the Park, and **any** Pitch Services and Park Facilities. (our emphasis)*

Who will decide what is reasonable expenditure? The Park Operator.

Who decides what is of benefit to holiday caravan owners? The Park Operator.

Who will know how much has actually been spent? The Park Operator.

Who decides how much of the expenditure is apportioned to the holiday caravan owners? The Park Operator.

Who confirms if 33% of owners have objected to the increase? The Park Operator.

Pitch fees will continue to increase at the whim of the park operators, who chose to interpret the poorly drafted terms to suit their own interests.

In reality, nothing has changed. There is no requirement on the Park Operator to make available any information that holiday caravan owners may consider or use to make a lawful challenge.

When it comes to pitch fees, it is very much a case of 'business as usual'.

## **Part 1 Section 6 The Transfer Fee (page7)**

*The Transfer Fee is what you pay us **for the right we are giving you to sell your Holiday Caravan on the Park**, instead of having to remove it. You may give your Holiday Caravan to a Family Member without paying this fee*

Most members will recognise this term as being widely referred to as the Private Sale 'Commission' charge. The word 'commission' tends to suggest it was a payment made in respect of a service provided by the park operator, in facilitating the sale and administration of private sales.

We all know that park operators do not lift a finger to help owners sell privately. The fact is they actively try to frustrate and obstruct private sales, so that they can buy the caravans back at a very low price, before reselling them at a vast profit.

The term is now very clear;

*To sell on the Pitch **you must***

***Market your Holiday Caravan yourself or through an agent. This is not our responsibility under this Licence Agreement.***

HPAG has no concern about people having to market their own sales. We do however have a great concern where park operators refuse to allow owners to put 'for sale' signs in their caravans, effectively restricting their ability to sell privately, under circumstances where they are clearly in direct competition with the park operator. It is clear that the operators will continue to monopolise the market by putting barriers in the way of fair competition.

HPAG believes that the transfer fee/commission charge should be a fixed amount. The administration process for a private sale is the same no matter how much a caravan is sold for. Charging a percentage of the sale price simply demonstrates further, the extortionate nature of the sector.

***If we do not buy it, then when you find a buyer let us know their name and contact details. We will give them a copy of this Licence Agreement and any necessary information***

***Once the sale is complete, we will provide an approved buyer with a new licence agreement for the remaining term of this Licence Agreement. The new licence agreement will not have less favourable terms, and the pitch fee will start at the same amount as the current Pitch Fee, excluding any discounts or free periods. Any payments made for the Pitch Fee and other charges under this Licence Agreement will carry over to the new licence agreement.***

HPAG welcomes the above terms, as we are aware that most operators do their utmost to strong arm new buyers into signing new licences, with less favourable terms, paying a higher pitch fee as a result of including a private sale penalty charge. In addition, where the season's fees have been paid in full most operators do not pass on that benefit to the buyer, in effect double charging for the pitch, a form of unjust enrichment.

### **Part 1 Section 7 Rates (page 8)**

Business rates remain a confusing and concerning topic for holiday caravan owners across the UK. The apportioning of them is shrouded in secrecy and it is highly likely that Park Operators have been offloading their share of the rates to individual caravan owners for decades.

The terms now appear to confirm what most suspect has been happening all along.

*The Rates are your share of the following charges, plus VAT: **our business rates, our water rates and any charges we pay to the local authority and any waste disposal company. Your share is the total of these charges for the Park for the previous Rates Year divided by the number of pitches** which our Site Licence authorised at the start of that Rates Year.*

When you consider the individual elements of the term, it appears that **ALL** of the Park Operators business rates, water rates and waste disposal charges will now be paid for by holiday caravan owners.

Example; If there were 100 pitches on the park which were all fully occupied by private owners then the Park Operator would not pay a penny towards the associated rates cost of any bar/restaurant or other leisure facilities, whether open to the public or not.

This term is clearly at odds with the provisions of The Rating (Caravan Sites) Act 1976, The Non-Domestic Rating (Caravan Sites) Regulations 1990 (SI 1990 No 673) and the Regulation 4 Notices from the Valuation Office.

### **Part 1 Section 8 Additional Charges (page 9)**

What do pitch fees pay for? No one actually knows. We are more likely to identify life on other planets before we identify what your pitch fees pay for.

In an attempt to unravel this all consuming and complex question, the new model of terms includes a table listing various services under the headings Pitch Services and Park Facilities, and some tick boxes.

Great all is now clear, well it is until you consider the wording of the additional charges terms;

*We will charge a reasonable fee which will include a **profit or administration charge**. We won't charge you more than the law or a regulator allows. **We may change these charges from time to time.***

What is a reasonable fee and how much of it is profit or administration charge?

On what basis may they change these charges from time to time?

***We may increase any additional charge** for a Pitch Service if our costs to provide that service go up.*

It is highly likely that all the terms for additional charges are unfair. The law is very clear in that where a term allows the trader to vary the price paid by the consumer, after they have become bound to it, the term must set out, in a clear and transparent manner, the method/mechanism for varying the price, so that the consumer can foresee the economic impact.

These terms do not set out any method for varying the fees, leaving them open to the abuses that have become all too familiar across the sector.

## **Part 1 Section 8 Using Park Facilities** (page 9).

Most owners have been told their pitch fees include access to leisure facilities such as swimming pools, gyms, bars and restaurants, etc. The new model terms allow these costs to remain as part of the pitch fee, but in doing so, the following terms have the effect of removing any rights you have to use them.

*You may use Park Facilities **when they are open**. However, **we are not required to keep them open at specific times of the day or year**. Opening times may change based on customer demand.*

If your pitch fees pay for use of these facilities then these terms are unfair pursuant to the Consumer Rights Act 2015 as they have the object or effect of permitting the trader to determine the characteristics of the subject matter of the contract after the consumer has become bound by it. There is quite simply nothing to stop the Park Operators from reducing your use of, or access to the facilities to one day a year, or even closing them all together, whilst removing your rights to any proportionate reduction pitch fees.

To this effect see:

## **Part 2 General Terms & Conditions** (page 10)

*1.2. Interruptions: We may interrupt any Pitch Service or Park Facility for repair, redevelopment or issues beyond our control, like supply interruptions. **As noted in Part 1, we may also close Park Facilities** or change their hours based on customer demand.*



## **In Summary**

HPAG feels that a real opportunity to clean up the sector has been missed.

Had the BH&HPA approached HPAG for our input, during the reviewing period, then most of the issues we have raised here could have been ironed out. Instead what we are left with is yet another version of licence agreement, reviewed by the eyes of the sector, drafted by the hand of the sector, for the benefit of the sector.

If the sector keeps doing what it is doing, it will keep getting what it is getting, and right now it is getting mountains of bad publicity, a toxic reputation, falling sales and an exodus of customers.

For those operators that continue to use the BH&HPA licence agreements, or indeed the NCC licence agreements then, in HPAG's opinion, it is going to be a case of 'business as usual'. This does not bode well for the future of the sector or any consumer that gets tangled up in its nets.

## **Hope On The Horizon**

Fortunately some operators do now accept that the sector needs to radically change. They recognise the benefit of working with HPAG to address the issue being raised by our members.

Imagine if one day you could ask HPAG if there were any park operators we would recommend and we said, "YES!"

We are working towards that and hope to bring you news in the not too distant future.

HPAG Team