



Penalty and injunctions for rent-to-buy property promoters

Two promoters of rent-to-buy property schemes in WA have been ordered to pay a total penalty of \$29,500 by the Supreme Court for misleading and deceptive conduct in their dealings with prospective buyers and sellers.

Patricia Mirawati Susilo and Bryan Artawijaya Susilo, sister and brother of Karawara, were ordered to pay \$17,500 and \$12,000 respectively on 27 February 2014 after admitting to their misleading and deceptive conduct, and Ms Susilo further admitted to operating as a real estate agent without a licence. Both also have to pay total costs of \$8,000.

Counsel for the Commissioner for Consumer Protection told the Court that the misleading and deceptive conduct related to the advertising and promotion of rent-to-buy arrangements on several properties between late 2010 and early 2013.

Examples of statements made to potential vendors and buyers that were false, deceptive or misleading include:

- “Own my home” gave the wrong impression that the prospective buyer in these schemes would get either sole or joint ownership of the homes after signing the contract which was not the case and misrepresented to buyers that they were the owners of the properties when they were not;
- “No banks needed” and “Stuff the banks – move in today” suggested buyers could purchase the home without a bank loan, when the promoters had no reasonable grounds to make these statements;
- “We buy houses” suggested that the promoters could purchase properties immediately which was not the case;
- “We do not charge commission or fees” was misleading as the promoters derived revenue from the arrangement;
- “We are part of a group of real estate investors” was false;
- Figures related to the weekly cost to prospective buyers did not accurately reflect the true total cost required to eventually own the property.

...continued on page 2

[CPD Information](#)

[News & Forms](#)

[Contact Us](#)

...continued from page 1

Justice Beech granted a three year injunction which requires both promoters to:

- not engage in rent-to-buy real estate transactions without a licence, or without working for a licensee;
- not to represent that they buy houses unless they intend to acquire the freehold title to those houses;
- not to represent that they are the owners, either jointly or solely, of properties they are selling unless they are in fact the owners of those properties;
- not to represent to potential buyers that they can purchase a house without a bank loan unless there are reasonable grounds for making that representation;
- provide an accurate and complete statement of money payable by prospective buyers under the proposed arrangement;
- disclose that the rent-to-buy arrangement is not an immediate sale of the property; and
- disclose what revenue the promoters will derive from the arrangement.

Commissioner for Consumer Protection Anne Driscoll said this case highlighted the dangers of people getting involved in these complex arrangements.

“It would appear from our investigations into these rent-to-buy property schemes that the prospective buyers are at great risk of losing their money and sellers are locked into a fixed sale price for the duration of the contract,” Ms Driscoll said.

“The schemes target people who are desperate and find it difficult to get finance to purchase a home as well as vendors who are having difficulty selling their homes.

“Those who may be contemplating taking part in these schemes should think very carefully and get expert financial and legal advice before signing any contracts. They should treat any claims being made by promoters with scepticism and check to make sure information being provided by the promoter is accurate.

“The Supreme Court supported our argument that the promoters of these schemes are engaged in real estate transactions and should therefore be licensed. Other promoters of these types of schemes currently operating without a licence are warned that they too could face prosecution and similar penalties.”

Anyone who needs further information and advice about rent-to-buy property schemes, can contact Consumer Protection by email consumer@commerce.wa.gov.au or call 1300 30 40 54.

End of Release