

Spike in retirement village complaints to Fair Trading

- Jane Hansen
- The Sunday Telegraph
- May 06, 2012 12:00AM



Nola Howard has complained to Fair Trading over her retirement villa at Casula, saying the contracts were unfair. Picture: Tim Hunter Source: The Sunday Telegraph

RETIREES are calling for an overhaul of the retirement village industry, claiming they are being left out-of-pocket by hefty exit fees and costly monthly levies.

The number of complaints to the Department of Fair Trading has spiked in recent years with angry residents realising their dream purchases have turned into nightmares.

When her ex-serviceman husband died 11 years ago, Nola Howard sold the family home and paid \$175,000 for a 99-year lease on her retirement villa in [Casula](#).

At the time she was vulnerable and did not realise it meant giving the operators an interest free loan in return for her villa and that they would keep 25 per cent of the purchase price when she moved on, as most eventually do.

"When I sell, they get to keep \$80,000 for nothing," the 82-year-old said. But if she goes into a nursing home and cannot sell her unit, the grandmother of two will still be liable for crippling maintenance fees of \$280 a month.

Les and Leone Cordingly, both in their 70s, are in the same boat and say they did not understand the contract when they bought a villa in [Prestons](#) off the plan 10 years ago.

"We fell in love with the concept, the glossy brochure, but we didn't understand the contract, it was 120 pages and very convoluted and we even went to a very good solicitor," Mrs Cordingly said.

"We paid \$232,000 upfront for a 99-year lease, so it

was an interest free loan to the operators," she said. Mrs Cordingly, a former bookkeeper, has done the figures on what the 28 per cent exit fee means to her.

The village operator also gets to keep 50 per cent of the capital gain.

"On a hypothetical \$450,000 sale, we would walk away with \$278,000," Mrs Cordingly said. "We make \$46,000, but they make \$172,000 and they have had the use of my money interest free for 10 years.

"I should be putting my feet up and enjoying my grandkids, but this takes its toll.

"In hindsight, would I enter a retirement village knowing what I know now -- never, never, never, never. Don't even consider it."

Jan Pritchett from the Retirement Village Residents Association said exit fees should be scrapped, or at least capped.

"We keep getting calls from residents who have only just realised that they are up for all these costs," Mrs Pritchett said.

Fair Trading Minister Anthony Roberts is in the process of appointing a new Retirement Villages Advisory Council.

The role of this council will be to provide advice on all aspects of retirement village laws. He said retirees just "do not understand what they were signing up for".

"The problem with many existing contracts is they are unnecessarily complex, lengthy and hard to understand. They make comparing villages, terms, conditions and fees an onerous task. Consequently, it is difficult for retirees to make genuinely informed decisions," Mr Roberts said.

A Fair Trading spokesperson said they are studying 92 complaints in the past year, most related to unclear contracts.
