



Land Registration Act 2002
Scope of this guide

This guide is intended to alert the public about 'land banking investment' schemes.

Land banking schemes – buying land in England and Wales claimed or thought to have development potential

Contact details

Please tell us if you would like:

- help understanding this guide
- this information in a different format, such as audiocassette or large print.

You can obtain copies of this and all our guides free from any Land Registry office, and view or download them from our website in English and Welsh.

This publication can be made available in alternative formats on request. If you require an alternative format please contact Customer Service at Land Registry Head Office.

If you have any questions about this guide, please contact your local Land Registry office. You can find details of telephone numbers and opening times on our website. Telephone numbers are also listed under 'Land Registry' in the Phone Book.

www.landregistry.gov.uk

1 Introduction

This guide is intended to alert the public about 'land banking investment' schemes that are often advertised as offering big returns on investments in land.

Many investors have handed over thousands of pounds for land that has little or no chance of ever being developed.

2 What is 'land banking' and how do such schemes work?

Plots of land are offered for sale, sometimes with the claim that there will be huge returns if planning permission is obtained for housing or other development. The land is often located in 'green belt' or undeveloped areas often protected from development by planning law. Or it could be agricultural land where no development is ever likely to be permitted.

Because the land is unlikely to be developed, it is bought at a low price and divided into smaller plots. The plots are then offered for sale, often online, to members of the public on the basis that when future planning permission is secured for the site for housing the plots will be

more valuable. The plots may be offered for sale to both domestic and overseas buyers.

Members of the public may be misled about the prospects of obtaining planning permission or redevelopment and this in turn may lead them into thinking that they will have the opportunity to sell the plots at even greater profit to developers with planning permission.

3 Why do you need to be aware?

Those operating land banking schemes often claim that they have well known banks, other lending institutions and established developers as their partners in the schemes when this is not the case. Members of the public have also been led to believe that planning permission has already been granted. In some extreme cases forged Land Registry letters have been produced to suggest that there is official Land Registry planning approval. Please note that Land Registry plays no part in the planning process. In other cases a letter has been produced showing Land Registry estate plan approval. Land Registry's estate plan

approval system is designed only to approve layout plans for development sites. The formal approved plan can then be used to form the basis of transfer or lease plans providing continuity in the individual plot sale **but this is not a planning permission for the site or plots.**

4 Are such schemes regulated?

'Land banking' is usually unregulated. This means that the money invested by members of the public is not protected if things go wrong. Many experts believe that such investments will never produce big returns.

However, the Department of Business, Enterprise and Regulatory Reform may be able to take action against such schemes under existing laws where members of the public are misled.

5 Does it affect only customers in England and Wales?

Such schemes have targeted members of the public at home and abroad who have been offered the opportunity to invest in land in England and Wales.

Sometimes those operating such schemes are based abroad.

6 What if the land has been registered?

Land Registry will register the transfer of the land/plots provided applications to register title are in order. Land Registry would not question whether land/plots had been acquired under such schemes.

7 What can you do?

Land Registry is responsible for maintaining the register of title to land in England and Wales and for the registration of such land. Land Registry will not be able to assist you if you have lost money on your investment nor able to give you advice.

Land Registry has no direct involvement in such schemes nor is it able to take any steps to prevent such schemes. The decision to participate in the schemes rests entirely with individual members of the public.

If you are offered an opportunity to acquire land or to invest in such schemes you should question the

information you are given and consider seeking professional advice about your rights.

8 Enquiries and comments

If you have a particular concern that is not covered by this guide, please contact us in advance of the transaction – see the *Contact details* panel on the front cover of this guide. If the transaction is particularly complex, it may be better if you make your enquiry in writing at the Land Registry office that will process your application.

If you have any comments or suggestions about our guides, please send them to:

Registration Change Group
Land Registry
Lincoln's Inn Fields
London
WC2A 3PH
(DX 1098 London/Chancery Lane)

You can obtain further copies of this and of all our guides free of charge from any Land Registry office or you can download them from our website.

Land Registry advisory policy

We offer advice to our customers through our publications and enquiry services and through the day-to-day handling of applications.

We provide factual information including official copies of registers, title plans and documents, searches and details of our forms and fees.

We provide procedural advice to explain how the land registration system works and how to make applications correctly. This includes:

- advice in advance of an application, where this is requested
- where an application is defective, advice as to the nature of the problem and what options, if any, are available to put it right
- an approval service for estate layout plans and certain other land registration documents.

There are limits to the advice that we will provide. We will not provide legal advice.

This means that:

- we will not approve the evidence to be produced in support of a registration application before we receive the application
- apart from procedural advice, we will not advise on what action to take
- we will not recommend a professional adviser but can explain how to find one.

We provide advice only about real cases, not about theoretical circumstances. We will not express a view on questions where the law is complex or unclear except where the question arises on a live registration application.

In providing this factual information and procedural advice we will:

- be impartial
- recognise that others may be affected by what we say
- avoid any conflict of interest.

Information in this guide

The information in this publication is for the purpose of providing general guidance about Land Registry's procedures and policies. It is intended only as a guide and does not cover every situation that may arise. It also does not limit Land Registry's ability to use its discretion when appropriate to do so, within the land registration legislation.

Peter Collis
Chief Land Registrar

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