

“Serious concerns” of pressure on Cyprus misselling victims

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Francine Carrel

Victims of Cyprus property misselling are being pushed to settle – but they face serious issues, says a leading law firm.

[Maxwell Alves](#) has highlighted the problems with [misselling victims](#) being pressured to settle: with either a walk-away deal in cases where the property was never delivered; or on the basis of a write-down of the loan and keeping the property.

But both groups face serious issues, the firm says:

- They need to pay on top to get out or sign up to negative equity two or three times the value of the property
- They need to write-off legal fees already paid and pay additional fees to negotiate a deal already on the table
- Those who are forced to keep the properties are facing uncertainty over the future of the developments – some of which are desolate

Maxwell Alves said there is “widespread concern” that the deals the victims are being asked to sign will leave them in a worse place than when they started.

“A number of people have approached us with these concerns and what is even more worrying is that they do not appear to be getting satisfactory answers,” said [George Kounis](#), Cyprus expert at Maxwell Alves. “Some people are reporting that these are ‘take-it-or-leave-it’ offers and that they are being pressured to accept; others that they are being asked to pay fees in addition to the tens of thousands they have paid already. What is most scandalous is that these victims feel trapped and that they have no alternative.”

Some claimants [have already settled](#) with the Cypriot banks. Maxwell Alves say that, while they are in favour of settlement, it has to be fair.

“There is no doubt,” said George Kounis, “that this is currently a lose-lose situation for everyone. If the developers and the banks make good all the losses of these victims, they would certainly be seriously out of pocket. This is simply because 20-30% was taken out of the market by sales agents and the economic downturn deflated property prices even further after the bubble burst.

“The offers the banks are making, however, do not even cover the gains the banks have made, which is unacceptable. To get anywhere near a fair settlement, they need to go way past rebating the gains and at least share the losses. Currently, they are nowhere near this vicinity. The figures the banks are proposing mean that victims will not only suffer the losses in the devaluation of their properties but allow banks to make unfair gains in addition to what they have gained already.

“This cannot be right, particularly when there is no hope of an increase in values or rental incomes in the near future and when a lot of these properties are facing dereliction.”

One solution the firm is exploring is “Turnaround Projects” to secure alternative methods of running projects, generating income and ensuring newer full occupancy.

Elsewhere in Cyprus, controversial regulation is facing obstacles. The government's attempts to persuade the opposition to support a [foreclosures bill](#) ended with the socialist EDEK and the Greens saying they would oppose the legislation. The bill would risk the properties of thousands of homeowners and businesspeople, say EDEK.

The socialist party want a number of amendments to the bill, including safeguards against a sudden fall in real estate prices.

Meanwhile, property revaluations in Cyprus are finally available to view. [Cyprus Property News explains](#) how to get the information.



By Francine Carrel, international property reporter, OPP