

30th November 2010

Our Ref: AES/Cypriot Property

When replying please reply to: Brussels

President Dimitris Christofias
Presidential Palace,
Presidential Palace Avenue,
1400 Nicosia,
Cyprus

Dear President Christofias,

Cypriot property rights & legal concerns

I am writing to you, as a friend of your beautiful country, regarding concerns of my Scottish constituents surrounding the purchase and build of properties in Cyprus.

I have received many letters which all express similar, if not the same, concerns regarding the difficulties they have encountered when buying or building properties in Cyprus. Despite attempting to seek a solution to their problems through Cypriot channels, they have received no assistance and so have instead approached me as one of their representatives in the European Parliament for guidance.

Over the last few months I have heard complaints of substantial build delays, illegally-obtained Power of Attorney documents, unauthorised draw-downs of money, failure to obtain rental licences, unfinished and poorly maintained properties, remortgages on land, and extortionate mortgage and maintenance fees. In one case, a constituent found that the entire amount of her mortgage was taken and used to fund an entirely different project, leaving her with a £150,000 mortgage in Cyprus and only a concrete shell to show for it. As a result of practices like this, hundreds of UK investors have defaulted, and will default, on their mortgages and file for insolvency, losing their deposits and their homes, suffering the risk of Cypriot banks pursuing their UK assets to recuperate their losses.

I am afraid that I have been informed that many of those who have attempted to take legal action in Cyprus against such unscrupulous practices have found no solace in the legal system. Firstly, those lawyers who have been engaged to deal with property transactions have deliberately or neglectfully failed to perform the relevant checks. Further, lawyers have refused to represent members of the public who wish to take civil action against other lawyers. I am told that complaints directed to the Cyprus Bar Association are consistently ignored also.

Clearly, with such a volume of investments some are bound to go wrong, and there are property disputes in every country. However, I am afraid that the volume of complaints I am receiving is growing, and I think it right to make you personally aware that the combined actions of this sector are reflecting poorly upon your country, which I personally know well. Reports such as the ones that have reached me do nothing to encourage faith in the legal processes of your country and therefore are very unlikely to encourage further or prolonged investment by Scottish citizens.

★ Alyn Smith MEP

Member of the European Parliament

Perhaps you may wish to consider establishing a foreign investor advice service, or an impartial ombudsman for such cases as it would appear to me that, at the very least, the existing domestic channels are not functioning as well as they might be expected to.

Thank you, and I look forward to receiving your reply at your earliest convenience.

Yours aye,

Alyn Smith MEP