

PRESS RELEASE - June 2011 – BANK GUARANTEES IN SPAIN  
PETITION / FINCA PARCS ACTION GROUP

## **SPANISH GOVERNMENT IN DENIAL OVER THE NUMBER OF INNOCENT VICTIMS AFFECTED BY PROBLEMS IN THE PROPERTY SECTOR**

### **BANK GUARANTEES FOR OFF-PLAN PROPERTIES IN SPAIN PETITION & FINCA PARCS ACTION GROUP CHALLENGE OFFICIAL FIGURES QUOTED BY SPANISH GOVERNMENT**

As Phase One of the Spanish Government Property Road Show nears completion Keith Rule, coordinator of the Finca Parcs Action Group ([www.fincaparcsactiongroup.com](http://www.fincaparcsactiongroup.com)) and organiser of the Bank Guarantees In Spain Petition ([www.bankguaranteesinspain.com](http://www.bankguaranteesinspain.com)) which mainly consists of British victims of the Spanish Property Scandals, is challenging official figures recently quoted by Spanish Housing Minister, Sra. Beatriz Corredor.

On 4 May 2011 for over 6 hours Keith led a group of protestors outside the Spanish Embassy in London, while inside, to a group of specially invited corporate guests, Jose Blanco and Beatriz Corredor attempted to 'Highlight the strengths of the Spanish Economy and the transparency and legal security of buying a property in Spain'. The protestors were denied a meeting with Blanco or Corredor but were eventually granted a 45 minute discussion with two Government officials and an Embassy Representative during which they "asked questions, made notes and took paperwork" without guaranteeing they could resolve the problems.

However Keith feels it is clear from the attitude of the Government officials present at the meeting that they are in denial and are not prepared to accept the number of people affected by property scandals in Spain far exceeds their very conservative 'official' estimates.

In response to the protests Beatriz Corredor said **"There are 850,000 Britons living in Spain and these problems apply to less than 1% of those"**.

So according to Corredor there are less than 8,500 Britons affected by all property issues in Spain including Land Grab, Ley de Costas, Illegal Properties, Demolition and Off-Plan Bank Guarantee Issues.

Keith is challenging those figures, he says **“The many thousands, including myself, who paid their off-plan deposits in good faith and are now experiencing Bank Guarantee problems are totally unaccounted for and not included in any property register. Therefore they cannot possibly be among Sra. Corredor’s figure of 850,000 Britons ‘Living in Spain’ as they were denied that opportunity due to the fact their properties were either not completed or in many cases not even started. There are hundreds of half finished or abandoned developments all over Spain on which purchasers are at serious risk of losing their off-plan deposits due to Developers and Banks failing to issue or honour the legally required Bank Guarantees”**.

He continues, **“We know there are around 100 purchasers on the Finca Parcs development with Bank Guarantee issues and for example on the abandoned Grupo Trampolin developments in Murcia alone we hear figures of around 2000 buyers who paid deposits and now have Bank Guarantee issues. As there is no official register of deposits paid by buyers of off-plan property it is difficult to gain an accurate figure of exactly the number of buyers at risk. But one thing we know for sure is that they are all additional those 8,500 with problems as quoted by Sra. Corredor”**.

According to Spanish Law, LEY 57/68, **‘The money paid in advance by buyers of off-plan purchases must be received through a Bank or Savings Bank and deposited in a Special Account separate from all other funds held by the developer’**. The second article of the Law states that **‘The Bank or Savings Bank that receives the off-plan deposit must, under its responsibility, demand the issuing of the corresponding Bank Guarantee’**

However Keith says **“Developers and banks failed to issue all the legally required Bank Guarantees and in many cases where they were issued the Banks are now refusing to honour them. Much of the money paid in advance by purchasers is totally unaccounted for and in a ‘black hole’ as many Banks allowed developers to withdraw the off-plan deposits and use the funds for purposes other than the construction of the property which is contrary to LEY 57/68”**.

Beatriz Corredor says Britons will only be refunded **“if the courts order it”**.

In direct response Keith says **“it is totally unacceptable for Sra. Corredor to force all those innocent victims of Bank Guarantee abuse into expensive legal action through the already congested Spanish Courts”**.

His Finca Parcs Action Group has been forced into exactly this situation and had to instruct their litigation team at Costa Luz Lawyers to file a very expensive Lawsuit against Caja de Ahorros del Mediterráneo (CAM) and the developer Cleyton GES SL for their failure to issue the legally required Bank Guarantees on the abandoned Finca Parcs development. The Lawsuit for the first 47 group members was submitted to the court earlier this year. However, due to slow nature of the Spanish Legal system he estimates it may take 12-18 months for the group to receive a First Instance court decision.

Keith says **“There are thousands of simple bank guarantee cases similar to ours where purchasers can prove their funds were paid to the Banks funding the developers, yet the Banks failed to protect the money in a Special Account and failed to issue the legally required Bank Guarantees. There are also many other cases where purchasers did receive Bank Guarantees and the developer has ceased trading or failed to provide the property on time as per the purchase contract, yet the Bank still refuses to honour the Bank Guarantee. Even these purchasers are then forced into expensive and lengthy legal action”**.

He continues **“Why is it necessary for these relatively simple Bank Guarantee cases to be subjected to the inadequate Spanish Legal System? The Banco de España is the Supervisor of the Spanish Banking System - they stated in their 2008 Annual Report that some banks ‘had not acted with due diligence’ - yet the Banco de España does nothing to ensure these banks act in accordance with Spanish Law, LEY 57/68”**.

In the UK relatively simple cases such as this would be dealt with by the Financial Ombudsman Service and only in the more complex cases would it be necessary for buyers to resort to the courts.

The Bank Guarantees In Spain Petition is calling on the Spanish Government to set up 'fast track courts' or an Ombudsman to deal with the thousands of outstanding Bank Guarantee cases. It also calls for the Banco de España to be given powers, surprisingly lacking at present, to review cases and force the banks that it supervises to issue refunds.

Spanish President, Zapatero said on 6 July 2010 in the European Parliament:

"My country is based on the rule of law and it respects and ensures that laws are respected. The courts are responsible for the application of law. We stand shoulder to shoulder with those people who, maybe, have had the wool pulled over their eyes (deceived) in the Spanish Property Sector" – but Keith says, **“What has he done to address the issues?”**

Sra. Corredor - when previewing the current Property Road Shows said: **"Come here calmly and trust in the system that we have and the transparency we provide"**.

There are thousands of victims of corruption in the Spanish Property Sector for whom there was and still is no transparency.

The online Bank Guarantees In Spain Petition is gathering detailed evidence relating to corrupt Developers and negligent Estate Agents, Banks & Lawyers. This evidence, together with the full text of the Petition will be presented to the Spanish Government and other official bodies in Spain and the UK later this year. So if you are at risk of losing your Spanish Off-Plan Property deposit please go to [www.bankguaranteesinspain.com](http://www.bankguaranteesinspain.com) and join the Petition.

Over 1200 innocent victims of the Spanish Housing Market many of whom have found absolutely no justice despite suffering years of expensive and stressful legal action through the inadequate Spanish Justice System have also recently signed Ruth Genda's online 'Stop The Spanish Property Road Show' Petition which is designed as an open letter to UK MP, David Lidington, Minister for Europe.

The only way Spain can rebuild confidence in its battered Property Sector is if the Spanish Government takes notice of the Petitions and Protests and begins to address the serious injustices that have occurred over the past 10 years and puts measures in place to ensure Banks, Developers, Agents and Lawyers can never be allowed to have such a blatant disregard for Spanish Law ever again.

**-Ends-**

### **Additional Information**

Bank Guarantees In Spain Petition  
[www.bankguaranteesinspain.com](http://www.bankguaranteesinspain.com)

Stop The Spanish Property Road Show Petition  
<http://www.gopetition.com/petitions/stop-the-spanish-property-roadshow-open-letter-to-davi.html>

Finca Parcs Action Group  
[www.fincaparcsactiongroup.com](http://www.fincaparcsactiongroup.com)

**For more information please contact:**

Keith Rule

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**Notes to Editors:**

The Las Higuericas Finca Parcs development is in Agramon, near Hellín.

Off-Plan deposits were first accepted in 2005 and 5 years later in 2009 it was abandoned by the developer, Cleyton GES SL with only 36 of the 617 houses completed. However even those 36 properties do not have First Occupation Licences.

The Finca Parcs Action Group is made up of a total of 64 buyers who paid their off-plan deposits to the Caja de Ahorros del Mediterráneo accounts of the developer Cleyton GES SL. The developer and CAM failed to issue the legally required Bank Guarantees for the deposits.

A Lawsuit against CAM and Cleyton GES SL was submitted to the court in February 2011 for the first 47 group members.

A second Lawsuit is currently being prepared for the remaining group members.

Finca Parcs Action Group is legally represented by María Luisa de Castro, Director of Costa Luz Lawyers in Algeciras.