



Land Registration Act 1986

1986 CHAPTER 26

An Act to make amendments of the Land Registration Act 1925 relating to the conversion of title and to leases, to abolish the Minor Interests Index, and for connected purposes. [26th June 1986]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Conversion of title

- (1) In the Land Registration Act 1925 ("the 1925 Act") the following shall be substituted for section 77 (conversion of title)—

“77 Conversion of title.

- (1) Where land is registered with a good leasehold title, or satisfies the conditions for such registration under this section, the registrar may, and on application by the proprietor shall, if he is satisfied as to the title to the freehold and the title to any intermediate leasehold, enter the title as absolute.
- (2) Where land is registered with a possessory title, the registrar may, and on application by the proprietor shall—
 - (a) if he is satisfied as to the title, or
 - (b) if the land has been so registered for at least twelve years and he is satisfied that the proprietor is in possession,enter the title in the case of freehold land as absolute and in the case of leasehold land as good leasehold.
- (3) Where land is registered with a qualified title, the registrar may, and on application by the proprietor shall, if he is satisfied as to the title, enter it in the case of freehold land as absolute and in the case of leasehold land as good leasehold.

- (4) If any claim adverse to the title of the proprietor has been made, an entry shall not be made in the register under this section unless and until the claim has been disposed of.
 - (5) No fee shall be charged for the making of an entry in the register under this section at the instance of the registrar or on an application by the proprietor made in connection with a transfer for valuable consideration of the land to which the application relates.
 - (6) Any person, other than the proprietor, who suffers loss by reason of any entry on the register made by virtue of this section shall be entitled to be indemnified under this Act as if a mistake had been made in the register.”
- (2) In the case of land registered with a possessory title before the commencement of this Act—
- (a) subsection (2)(b) of section 77 of the 1925 Act as substituted by this section applies only where the land has been so registered for a period of at least 12 years after that commencement, but
 - (b) nothing in this section affects the operation of subsection (3)(b) of section 77 of the 1925 Act as originally enacted (which provides for conversion of a possessory title after 15 years' registration in the case of freehold land and 10 years' registration in the case of leasehold land) in relation to a period of registration beginning before that commencement.

2 **Compulsory registration of certain leases**

- (1) In section 123(1) of the 1925 Act (which requires an application for registration to be made upon the grant or assignment of certain leases)—
- (a) for " a term of years absolute not being less than forty years from the date of the delivery of the grant" there shall be substituted " a term of years absolute of more than twenty-one years from the date of delivery of the grant ", and
 - (b) for " having not less than forty years to run from the date of delivery of the assignment" there shall be substituted " having more than twenty-one years to run from the date of delivery of the assignment ".
- (2) The following shall be inserted after section 8(1) of the 1925 Act (which provides that application for registration may be made by an estate owner holding under a lease with more than 21 years unexpired)—
- “(1A) An application for registration in respect of leasehold land held under a lease in relation to the grant or assignment of which section 123(1) of this Act applies (whether by virtue of this Act or any later enactment) may be made within the period allowed by section 123(1), or any authorised extension of that period, notwithstanding that the lease was granted for a term of not more than twenty-one years or that the unexpired term of the lease is not more than twenty-one years.”
- (3) In consequence of subsection (1) above, in section 154(1) of the Housing Act 1985 (section 123 of the 1925 Act to apply in relation to certain leases whether or not for 40 years or more) for " not less than 40 years " there shall be substituted " more than 21 years ".
- (4) The following shall be added at the end of section 154 of the Housing Act 1985—

“(7) Section 70(1)(k) of the Land Registration Act 1925 (overriding interests) shall not apply to a lease granted in pursuance of this Part”.

- (5) The amendments made by subsections (1) and (2) above apply only in relation to the grant or assignment of a lease after the commencement of this Act

3 Inalienable leases: registration to be allowed

- (1) The following shall be substituted for section 8(2) of the 1925 Act (which prohibits registration of leasehold land if the lease contains an absolute prohibition on alienation and requires that a restriction on alienation be protected by entry on the register or otherwise)—

“(2) Leasehold land held under a lease containing a prohibition or restriction on dealings therewith inter vivos shall not be registered under this Act unless and until provision is made in the prescribed manner for preventing any dealing therewith in contravention of the prohibition or restriction by an entry on the register to that effect, or otherwise.”

- (2) The amendment made by subsection (1) above applies in relation to a lease granted before the commencement of this Act subject to an absolute prohibition on any dealings therewith inter vivos—
- (a) so as to enable an application for registration to be made, and
 - (b) as regards dealings therewith after that commencement,
- but not so as to alter the effect of any grant, assignment or other dealing before that commencement.

4 Gratuitous leases and leases granted at a premium

- (1) In section 70(1) of the 1925 Act (the list of overriding interests) the following shall be substituted for paragraph (k) (leases for 21 years or less granted at a rent without taking a fine)—

“(k) Leases granted for a term not exceeding twenty-one years;”.

- (2) In sections 18(3) and 21(3) of the 1925 Act (powers of disposition of registered freeholds and leaseholds: lease to take effect notwithstanding caution, restriction, etc.) the words " at a rent without taking a fine " shall be omitted.
- (3) In sections 19(2) and 22(2) of the 1925 Act (dispositions to be completed by registration) in paragraph (a) the words " if it is granted at a rent without taking a fine " shall be omitted.
- (4) Where a lease granted before the commencement of this Act was not an overriding interest because it was not granted at a rent or without taking a fine, the amendment made by subsection (1) above applies in relation to it only if the land was subject to it immediately before that commencement.
- (5) The amendments made by subsections (2) and (3) above apply only in relation to dispositions after the commencement of this Act.

5 Abolition of Minor Interests Index

- (1) In section 102 of the 1925 Act, subsection (2) (under which priorities between certain dealings with equitable interests are regulated by the order of lodging of priority cautions and inhibitions) is repealed, and accordingly—
 - (a) the index maintained for the purposes of that subsection and known as the Minor Interests Index shall cease to be kept, and
 - (b) any question of priority which would have fallen to be determined in accordance with that subsection shall be determined in accordance with the rule of law referred to in section 137(1) of the Law of Property Act 1925 (which applies to dealings with equitable interests in land the rule commonly known as the rule in *Dearle v. Hall*).
- (2) The following provisions have effect for the purposes of the application of the rule in *Dearle v. Hall*, and of sections 137 and 138 of the Law of Property Act 1925, to dealings in respect of which a priority caution or inhibition was entered in the Minor Interests Index—
 - (a) the notice of the making of the entry which was given under the Land Registration Rules 1925 before the commencement of this Act to the proprietor or, in the case of settled land, to the trustees of the settlement, shall be treated for those purposes as a notice of the dealing to which the entry relates given (at the time it was issued by the registrar) by the person on whose behalf the entry was made to the trustees or other persons appropriate to receive it for the purposes of establishing priority under the rule in *Dearle v. Hall*;
 - (b) where a trust corporation has been nominated to receive notices of dealings in accordance with section 138, subsection (4) of that section (under which the notice does not affect priority until received by the corporation) does not apply but the trustees shall, if the notice has not already been transmitted to the corporation, deliver it or send it by post to the corporation as soon as practicable after the commencement of this Act.
- (3) A person who suffers loss as a result of the operation of this section is entitled to be indemnified in the same way as a person suffering loss by reason of an error or omission in the register, except that in relation to a claim under this subsection the reference in section 83(6)(a) of the 1925 Act (restriction on amount of indemnity in certain cases) to the value of the relevant estate, interest or charge at the time when the error or omission was made shall be construed as a reference to its value immediately before the commencement of this Act.
- (4) For the purposes of subsection (3) above, a loss resulting from trustees failing to comply with their duty under subsection (2) (b) above shall be treated as a loss resulting from the operation of this section; but this is without prejudice to the liability of the trustees for breach of that duty or to the registrar's right of recourse against them under section 83(10) of the 1925 Act (under which the registrar may enforce a right which a person indemnified would have been entitled to enforce in relation to a matter in respect of which an indemnity has been paid).
- (5) In consequence of the repeal of section 102(2) of the 1925 Act, the following provisions of that Act are also repealed—
 - (a) in section 54(1), the words from "but this provision" to the end,
 - (b) section 102(3), and
 - (c) in section 144(1)(xxiii), the words "and of priority cautions and inhibitions".

6 Citation etc.

- (1) This Act may be cited as the Land Registration Act 1986.
- (2) The Land Registration Acts 1925 to 1971 and this Act may be cited together as the Land Registration Acts 1925 to 1986.
- (3) This Act shall be construed as one with the 1925 Act.
- (4) This Act shall come into force on such day as the Lord Chancellor may appoint by order made by statutory instrument.
- (5) This Act extends to England and Wales only.