



The Independent Estate Agents & Surveyors

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FACT SHEET

The Tenant Fee Bill 2019



Have you heard? The Tenant Fee Bill is coming! To help you prepare for the fee ban, which will be coming June 1st 2019, we have produced this factsheet to make sure you're ready.

What's It All About?

Lettings Agents and **Landlords** in England will no longer be able to charge mandatory fees or request their tenants to take or use a specific service or insurances.

This factsheet applies only to properties in England. As Scotland, Wales and Northern Ireland each have their own laws around tenant's fees.

When does the Tenant Fee Bill become law?

1st June 2019.

What fees are being banned?

Landlords and letting agencies will no longer be able to charge for:

- Administration charges
- Credit checks
- Referencing
- Charging for guarantors
- Property inventories
- Requirements for tenants to use specific insurance companies
- Renewal or exit fees

The following services can be offered as optional extras with the tenant's express permission:

- Cleaning services when vacating the property
- Fumigation of a property as a result of tenants having pets
- Gardening or grounds maintenance

Charges & Penalties

What fees can be charged?

From the 1st June 2019, the only fees that a landlord or letting agent can charge their tenants on commencing a contract are:

- Rent
- A deposit with a maximum of 5 weeks rent, or 6 weeks on a property with rent over £50,000 per year
- A holding deposit of no more than one weeks rent
- Reasonable charges for lost keys or security fobs
- Reasonable charges for breach of contract including late payment of rent after 14 days
- A charge of no more than £50 for a change of tenancy, such as adding a new person to the tenancy agreement at the tenant's request

What are the penalties?

For a first offence, up to £5,000.

A second offence within 5 years is a criminal offence and is liable to an unlimited fine. An alternative fine of up to £30,000 can be levied in place of a criminal charge.



Existing Tenancies & Renewals



Up until 31st May 2019, Agency fees can still be charged as normal.



1st June 2019, tenant fees bill comes into force.



There is a 12 month transition period up until 31st May 2020 where any previously agreed fees can still apply to existing tenants.



After 1st June 2020, the fee ban will also apply to all pre-existing tenancy agreements in England.

You will not need to refund any fees charged as part of the original tenancy agreement (pre 1st June 2019), but no additional fees can be charged after this point.

If a tenancy is renewed, then the new law will apply and no additional charges can be levied.

If you have charged a check out fee upfront then this is a prohibited payment and will need to be returned within 7 days of signing the tenancy renewal.

Deposits & Deposit Replacement Schemes

In keeping with current legislation, deposits need to be kept in a Government-backed tenancy deposit protection scheme (TDP).

Agents and landlords can also offer deposit replacement schemes to their tenants as an option.

Damage & Cleaning

Contracts can reasonably state that a tenant must return the property in the same condition that they found it, e.g.: professionally cleaned.

The tenant can be given the choice of restoring the property to the same standard themselves or can be offered the option to pay for professional services through the landlord or letting agent.

Where the property has been damaged, landlords will be able to make a reasonable claim for costs incurred via deductions from the deposit, or if necessary, court action.



Commission On Services

The aim of the Tenant Fee Bill is to eliminate unfair charges for the tenant and to make charging for additional services more transparent.

However, recent guidance from NTSEAT refers to the Consumer Protection from Unfair Trading Regulations 2008 (“the CPRs”) and their application in relation to referral fees. The guidance states that any practice which hides the real price of a service is capable of being found to be an unfair commercial practice under the CPRs.

Following on from this, Peter Habert, Director of Policy at The Property Ombudsman, recommends that lettings agents also take the time to consider this guidance in relation to their referral and associate services arrange.

Other Restrictions & Notables

Landlords and agents will not be able to offer different levels of rent, such as lower introductory rent for three months before the price goes up. This is to prevent agents from offsetting the loss of income from fees through higher rent.

In the event of late payment of rent (over 14 days), agents will not be able to charge no more than 3% over the Bank of England base rate in interest from the date of late payment.

Charging for reminder letters is not permitted.

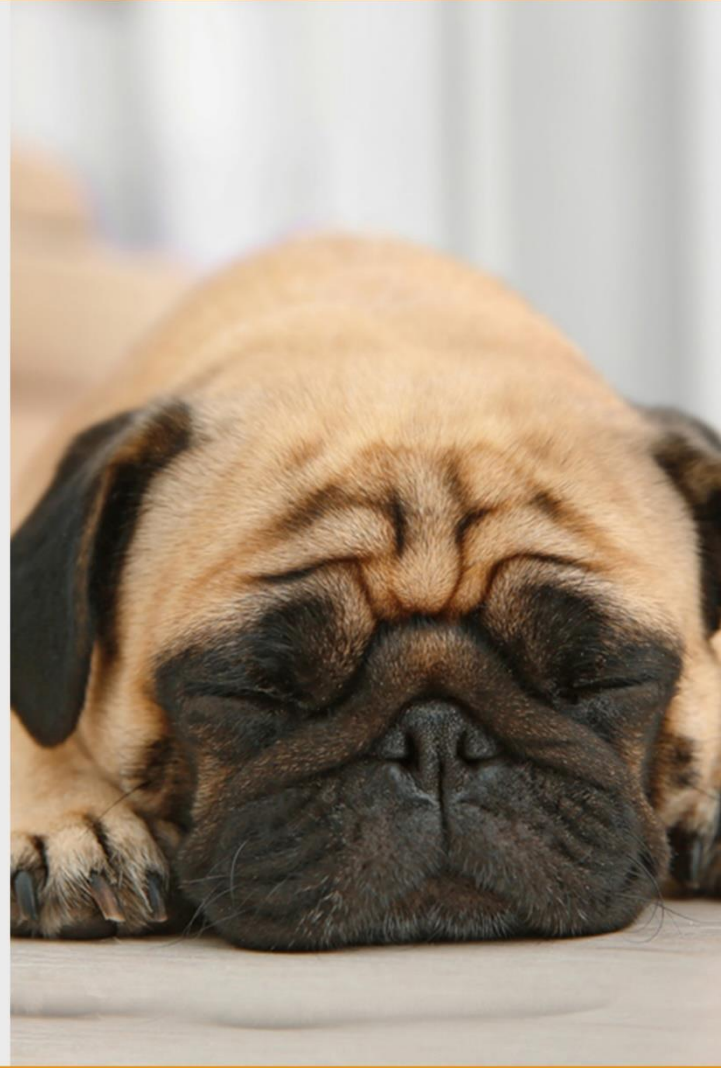
For tenants with pets, agents cannot charge an increased deposit or holding deposit for the pet(s). But you can charge more rent for a pet, so long as you make it clear about the extra weekly/monthly fee in the contract.

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- You pay no set-up fee.
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