

Student Tenancies

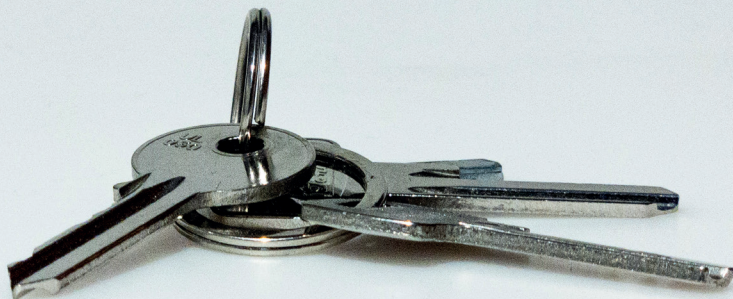
The Tenant
Fees Act.
How does it
affect me?

The Tenant Fees Act 2019 came into force on 1 June 2019 for new tenancies; it now applies to all tenancies from 1st June 2020.

NETSA 
North East Trading Standards Association

**NATIONAL
TRADING
STANDARDS**
Estate and Letting
Agency Team
Protecting Consumers
Safeguarding Businesses





Permitted Payments

It's illegal for landlords and letting agents to charge certain fees to tenants, unless they are classed as 'permitted payments'.

These are the ONLY permitted payments which you can be asked to pay:

- ✓ Rent
- ✓ Holding deposits (capped at 1 weeks rent)
- ✓ Security deposits (capped to 5 weeks rent)
- ✓ Utility bills and council tax
- ✓ Default fees – including key loss and rent arrears (reasonable charges)
- ✓ Changes to a tenancy at the tenant's request - £50 / reasonable costs
- ✓ Fees for leaving a tenancy early, known as termination charges (to cover actual loss suffered by the landlord)

To work out your weekly rent, multiply your monthly rent by 12, then divide this sum by 52.

Always make payments in a traceable manner, e.g. bank transfer. If you pay by cash, obtain a receipt.



Prohibited Payments

You can no longer be charged for the following:

- X Administration fees
- X Contract negotiation fees
- X Application fees
- X Inventory charges
- X Set up fees
- X Referencing fees
- X Check-in and check-out fees unless by mutual agreement, e.g. for an out of office hours checkout
- X Credit check fees
- X Renewal fees
- X Guarantor fees
- X End of tenancy fees
- X Permitted occupier fees
- X Default professional cleaning fee
- X Right to Rent fees

Do not pay these fees, even if they are on the property advert or in your tenancy agreement.

Contact your local authority via the Citizens Advice consumer helpline on 0808 223 11 33 or Online Chat if you have been charged a prohibited payment.



Explanation of permitted payments

Rent

- Pay equal instalments (usually monthly)
- Paying less “rent” to hold a vacant property over holiday periods conflicts with the purpose of a tenancy agreement & would be prohibited

Holding deposit

(capped to one weeks’ rent equivalent per tenancy)

- To reserve a property before signing tenancy agreement
- Specific rules apply to how it is to be treated, when it must be returned to you and when the landlord can keep it
- Only pay a holding deposit if you are serious about renting that property

Security deposit

(capped to 5 weeks’ rent equivalent, per tenancy, if rent is less than £50,000 per year)

- Covers damage to property while you live there
- In a shared house you may be liable for damage caused by someone else

- Must be protected in approved scheme & information provided to you within 30 days of payment
- Deposit scheme can help if you dispute retention by landlord at end of tenancy

(capped to 6 weeks rent equivalent, per tenancy, if rent is £50,000 or more per year)

Utility bills and council tax

- Must be clear in your tenancy agreement what you are liable to pay, and how.
- Student occupied properties are exempt from Council Tax, check this is correctly recorded with your Council.
- If your name is on the bill, you will be liable for payments & any penalties for late payment
- If your landlord collects all inclusive rent, you cannot be charged an administration fee or collection fee in respect of the bill payments
- If you pay the landlord when the utility bills arrive, check usage and unit calculations are correct

Default fees – loss of key and unpaid rent - Lost key or other security device

- You can be liable for costs reasonably incurred by the landlord if they are supported by written evidence (i.e. receipt) and the tenancy agreement requires the payment to be made.

- Unpaid rent

- You can be charged interest at 3% above the Bank of England base rate. The tenancy agreement must state such payment will be required in the event of your failure to pay the rent in full, & has been outstanding for more than 14 days.

Changes to a tenancy at the tenant's request

- If you request a change to the tenancy, the landlord can charge you for the cost of the variation, which will be permitted up to £50 or the reasonable costs incurred if higher. Obtain evidence of the costs before paying this. This charge cannot be imposed if the landlord / agent decides to change the tenancy agreement.

Early termination (tenant's request)

- If you decide to leave the tenancy early within the fixed term or without giving the correct notice period, you can be required to cover the loss incurred by the landlord such as the remaining rent due.
- If you want to leave early, try and discuss your options with your landlord first, to mutually agree an early termination. Always confirm any agreement in writing.



FAQs

How do I know I'm making the right choice?

Don't be rushed, whatever the agent says. Good agents won't be pushy and will let the property speak for itself. If you're hurried, there's something to hide.

Will I still want to share this time next year?

We never know how things will change with our friends over the next few months, so make sure that you all want the same thing before you sign any agreement for a tenancy. If you pull out, you are likely to lose money you have paid already and could be liable for payment of rent for somewhere you don't actually live.

What if I want to end my tenancy early?

Where a tenant wants to leave their tenancy early, the agent is entitled to charge fees. If the tenancy agreement allows for one tenant to leave and another to take their place (a change of sharer) the agent can charge up to £50 (inc VAT) or their reasonable costs if higher. The agent will have to prove their costs are more than £50 if they charge more. If the tenant wants to leave altogether, the agent can charge their costs in re-letting the property up to the maximum rent still due under the tenancy.

Does this affect my security deposit?

Yes it does. For new tenancies signed on or after 1 June 2019, security deposits are capped at the equivalent of five weeks' rent (or six weeks if the annual rent is £50,000 or over).

If you sign a new tenancy, for the same property (a "renewal" tenancy) and you had already paid a deposit which is more than the capped limit, the excess amount should be refunded to you.

However, you do not have to sign a renewal tenancy to remain in the property, it is still a valid tenancy for the property. Talk to your Council if you are being pressured to sign a renewal tenancy.



Do I still have to pay for a reference check?

No, Since 1st June 2019 these are prohibited payments and tenants cannot be required to make them. Your letting agent or landlord can make checks, but at no cost to you.

Protection from eviction

If you have paid a prohibited payment, you cannot be evicted from the property under a Housing Act 1988 S.21 notice until the prohibited payment has been returned to you. You can however still be evicted for other reasons, via a Housing Act 1988 S.8 notice, for things like rent arrears, or breach of tenancy term.

Where can I find more information?



Use this QR code to find the fully comprehensive guidance document.



What else do I need to know?

There are many requirements that letting and managing agents must adhere to, many of these can be verified with online checks, including:-

Redress Scheme

Your letting or managing agent must belong to one of two redress schemes, either:-

- The Property Ombudsman (TPO)
- The Property Redress Scheme (PRS)

You can check if your agent is a member online:

www.tpos.co.uk/find-a-member

www.theprs.co.uk/consumer/members/

Deposit schemes

When you pay a deposit this must be protected in one of three schemes and you must be given prescribed information within 30 days of it being paid:-

- Deposit Protection Service
- MyDeposits
- Tenancy Deposit Scheme

Client money protection (CMP) schemes

If you rent through a letting or managing agent and pay them any money for the property, like rent, they must be a member of a client money protection scheme. There are 6 schemes:

- Client Money Protect
- Money Shield
- PropertyMark
- RICS
- Safeagent (previously NALS)
- UKALA Client Money Protection

If you have been charged a prohibited payment, or your landlord/agent is not complying with these requirements please contact your local authority via the Citizens Advice consumer helpline on 0808 223 11 33 or Online Chat.

Finding privately rented accommodation

With such a wide variety of private rented accommodation on offer, knowing where to start can be difficult. Read our five steps to finding your property and you'll be able to tackle the rentals market head on.

1

Work out your budget

Rent, deposits, bills - costs vary depending on the property you rent and who you rent from. Work out exactly what you can afford before you look at any properties.

2

Decide who you want to live with

If you have a group of friends who you are planning to live with when you move into private-rented accommodation, there are a few important questions you need to ask yourself - and each other - first.

3

Decide where you want to live

Each area will have its own character and community and deciding where you want to live, or perhaps more importantly, where you don't want to live, is essential in narrowing down your property search.

4

Find properties to view

There are seemingly endless places offering properties to rent that can seem overwhelming when you first start looking for a property. Search for properties that match your budget and other priorities. You may have to compromise on some things and if it looks to good to be true it probably is. Don't agree to rent a property until you and your friends have all viewed and agreed its the right place for you.

5

Sign on the dotted line

Don't feel pressured to sign an agreement, read it fully and ask any questions you have. You must also be given certain documents like a gas safety certificate, "How to rent guide" and an Energy Performance Certificate (EPC) if required for your property.



Renting Reminders

Top tips for student tenants

- Is the agent in a redress scheme?
- Is the agent in a client money protection scheme?
- Is the property advert clear on rent, holding deposit & security deposit?
- Will my holding deposit be correctly handled?
- Have I got a tenancy agreement requiring only permitted payments?
- Are all the terms clear and reasonable?
- Which scheme is my deposit in?
- Have all relevant safety certificates & mandatory information* been provided?
- Pay by traceable manner, or obtain a receipt



If in doubt, check it out.

Read the full list of things to check in the: "How to Rent: a checklist for renting in England".