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TENANT FEE BAN SUMMARY ENGLAND



Very Soon the Tenant Fee Ban comes into effect, we have prepared this summary to help make sure you are ready!

What's it all about?

Lettings agents and landlords in England will no longer be able to charge mandatory fees or require their tenants to take or use a specific service or insurances.

This document only applies to properties in England. Scotland, Wales and Northern Ireland each have their own laws in place regarding tenant's fees.

When does the Tenant Fee Ban 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**
- **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**
- **Defleaing a property as a result of tenants having pets**
- **Gardening or grounds maintenance**



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



The Rent

You should agree the amount of rent to be paid with the tenant when agreeing to let the property. The rent should be paid at regular, specified intervals. The amount charged will usually be equally split across the tenancy. In the first year of the tenancy, you must not charge more at the start of the tenancy compared to a later period, i.e. you cannot require a tenant to pay £800 in month one and £500 in month two onwards.

Changes to the tenancy

Where a tenant requests a change to the tenancy agreement (e.g. a change of sharer or permission to keep pets on the property) you are entitled to charge up to £50 for the work involved in amending the tenancy agreement or the amount of your reasonable costs if they are higher.

Early Termination (capped at the reasonable incurred costs)

If a tenant requests to leave before the end of their tenancy you are entitled to charge an early termination fee. This must not exceed the financial loss that you have suffered in permitting, or reasonable costs that have been incurred by the agent in arranging for, the tenant to leave early.

This usually means that a you must not charge any more than the rent you would have received before the tenancy reaches its end. If there are no missed rent payments, we advise you to not charge any early termination fees unless you can demonstrate through evidence to the tenant that specific costs have been incurred (e.g. marketing and referencing costs).

Council, Tax, Utils & Communication Service

Tenants are still responsible for paying bills in accordance with the tenancy agreement, which could include council tax, utility payments (gas, electricity, water) and communication services (broadband, TV, phone).

Enforcement and Penalties

Trading Standards authorities have a duty to enforce the ban but district councils that are not Trading Standards authorities will also have power to enforce if they choose to do so.

What are the penalties?

A breach of the legislation will usually be a civil offence with a financial penalty of up to £5,000

Each request you make for a prohibited payment is a breach. For example, the following would be considered multiple breaches:

- charging different tenants under different tenancy agreements prohibited fees



- charging one tenant multiple prohibited fees for different services at different times
- charging one tenant multiple prohibited fees for different services at the same time
- charging one tenant one total prohibited fee which is made up of different separate prohibited requirements to make a payment e.g. £200 requested for arranging the tenancy and doing a reference check= multiple breaches

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

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

Deposits & Deposit replacement schemes

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

Deposits need to be returned within 10 days of the end of the tenancy.

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

Damage and 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.

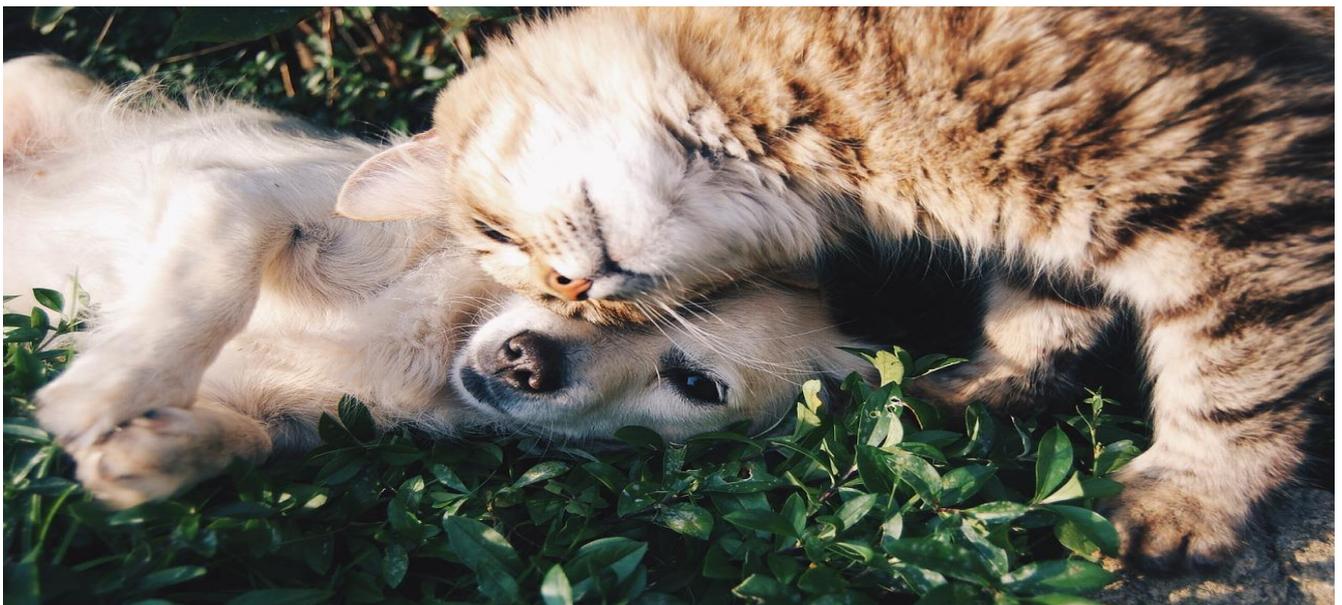
Other restrictions

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 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, you 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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All information is correct at time of print, but may be subject to change without notice.

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