

From 6 April 2007, when a landlord or letting agent takes a deposit from a tenant, the deposit must be protected in a Government-authorized tenancy deposit scheme.



For advice visit:

www.direct.gov.uk/tenancydeposit or telephone the leaflet line on **0845 609 0696**

Alternatively contact the following organisations:

Association of Residential Letting Agents
www.arla.co.uk

National Association of Estate Agents
www.naea.org.uk

Royal Institution of Chartered Surveyors
www.rics.org.uk

National Federation of Residential Landlords
www.nfrl.co.uk
info@nfrl.co.uk

National Landlords Association
www.landlords.org.uk

Residential Landlords Association
www.rla.org.uk

Citizens Advice
Listed in the phone book and
www.adviceguide.org.uk



Letting?



Tenancy Deposit Protection
from 6 April 2007

Want to find out more?

Visit www.direct.gov.uk/tenancydeposit or contact the scheme providers directly.

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What is Tenancy Deposit Protection?

Your questions answered...

Will you be letting out a property in England and Wales on or after 6 April 2007?

From 6th April all new tenancy deposits must be protected in a government-authorised scheme. This new rule applies if the tenancy is an assured shorthold tenancy.

The Government wants to make sure tenants' deposits are protected so that:

- Tenants get all or part of their deposit back, when they are entitled to it
- Any disputes between tenants and landlords or agents will be easier to resolve
- Tenants are encouraged to look after the property they are renting

Assured Shorthold Tenancies

Most tenancy agreements for self-contained residential property since 1997 are assured shorthold tenancies. With an assured shorthold tenancy, the tenant usually has the right to stay in the property for at least six months, although a landlord or agent can agree a longer stay.

At the end of the tenancy, following adequate written notice, a landlord or agent can seek possession of the property. If a landlord or agent needs to seek possession earlier than this, they can only do so for one of the reasons specified in the Housing Act 1988. A tenant who refuses to leave cannot be evicted without a court possession order.

A landlord or agent will lose their automatic right to regain possession of the property at the end of the tenancy unless they have protected the deposit in a scheme and given the tenant information about how it is protected.

How does it work?

Here's our simple step-by-step guide...

Moving in

At the beginning of a new tenancy agreement, the tenant pays the deposit to the landlord or agent as usual, who must ensure it is protected.

There are three schemes to choose from. There is a single custodial scheme, where the money is held by the scheme until the end of the tenancy.

The **custodial scheme** is free to use. The landlord or agent simply puts the deposit into the scheme at the beginning of the tenancy.

There are two **insurance-based schemes** that insure the deposit.

Under the insurance-based schemes the landlord or agent keeps the deposit, and pays a fee to the scheme to insure against their failure to repay money due to the tenant.

Within 14 days of taking the deposit, the landlord or agent must provide the tenant with details of how the deposit is being protected including:

- The contact details of the tenancy deposit scheme selected
- The landlord or agent's contact details
- How to apply for the release of the deposit
- Information explaining the purpose of the deposit
- What to do if there is a dispute about the deposit

Tenants also have a responsibility to return the property in the same condition they took it on. To reduce the likelihood of disputes it is recommended that the following actions are taken before signing the tenancy agreement:

- Agree a detailed list of contents (furniture and fittings)
- Record the condition of the property and its content (photographs are a good idea)
- Agree expectations of cleaning and wear and tear at the end of the tenancy
- Understand the circumstances in which the landlord or agent could have a claim on the deposit

Moving out

At the end of tenancy, the condition and contents of the property should be checked against the tenancy agreement. The landlord or agent should agree with the tenant how much of the deposit will be returned. The agreed amount should be received by the tenant within 10 days.

Scheme providers

There are three government-authorised tenancy deposit schemes offering tenancy deposit protection. Landlords and agents should find out about these schemes and their legal obligations before taking a tenancy deposit.

There is one **custodial scheme**:

The Deposit Protection Service
www.depositprotection.com 0870 707 1 707

and two **insurance-based schemes**:

Tenancy Deposit Solutions Ltd
www.mydeposits.co.uk info@mydeposits.co.uk

The Tenancy Deposit Scheme
www.tds.gb.com 0845 226 7837

Resolving disputes

If no agreement can be reached about how much of the deposit should be returned, there will be a free service, offered by the scheme protecting the deposit, to help resolve disputes. The disputed part of the deposit will be held by the scheme until the dispute is resolved.

What happens if you don't secure a tenant's deposit?

The tenant can apply to the local county court. The court can order the landlord or agent to either repay the deposit to the tenant or protect it in a scheme. If the landlord or agent has not protected the deposit, and they fail to do so within 14 days, they will be ordered to pay the tenant three times the amount of the deposit.