



## The Tenant Fees Act 2019

With 4.5 million households living in private rented accommodation and with an estimated 1.5 million landlords nationwide, Daventry District Council have provided a useful “Know your Rights” guide for Tenants and Landlords to outline the changes that have been brought into effect by The Tenant Fees Act from Saturday, 1<sup>st</sup> June 2019 and how it affects Landlords and Tenants renting in the Daventry District.

### The Tenant Fees Act 2019

The Tenant Fees Act came into effect 1<sup>st</sup> June 2019. The Act makes it illegal for landlord and letting agents to charge certain fees for new tenancies or when renewing existing tenancies that are signed on or after 1st June 2019.

Landlords and letting agents won't be able to charge for:

- Referencing.
- Credit checks.
- Inventories.
- Assessing guarantors.
- Services, such as cleaning or gardening.
- Administration.

Most required payments to third parties are prohibited, however, a landlord can require the tenant to use a specific utility or communications provider. 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). However, the Landlord must not overcharge for the provision of these services.

Holding deposits, rent, deposits and charges for defaulting on the contract are all exempted from this ban, however they face some restrictions:

**Holding deposits**, to reserve a property, will be limited to a maximum of 1 week's rent and subject to statutory legislation on the repayment of this should the tenancy not go ahead.

**Deposits** will be limited to 5 weeks rent as a maximum amount for tenancies where the annual rent is below £50,000. Deposits for tenancies where the annual rent is £50,000 or more are limited to the equivalent of 6 weeks rent.

**Rent.** There will be a ban on setting rent at a higher level for the first portion of the tenancy and then dropping it down afterwards.

### **Charges for defaulting on the contract:**

- 1) **Breaches of the tenancy agreement (damages).** Where the tenant has breached their tenancy agreement and caused damage as a result, then landlords may still seek compensation via deductions from the deposit or court action.
- 2) **Breaches of the tenancy agreement (default payments).** Landlords are allowed to charge for two types of default payments - loss of keys and late payment of rent. Both are subject to restrictions:

**Loss of keys** - landlords are allowed to charge the reasonable cost that they can evidence in writing. Anything landlords cannot evidence in writing with receipts will likely be considered a prohibited payment.

**Late payment of rent** - landlords and agents may only charge 3% above the Bank of England base rate in interest on the late payment of rent from the date the payment is missed. At the time of writing this would be 3.75% interest. They may not charge for sending reminder letters.

### **Changes to the tenancy**

Landlords and agents are still allowed to charge certain small sums to tenants if the tenant requests a change in tenancy or they have requested an early surrender to the tenancy.

**Where tenants have requested a change in the tenancy** (such as swapping tenants), the landlord may charge a fee of £50 for the change or the costs incurred. They must be able to evidence in writing any costs incurred if they do go above £50.

**Where the tenants have requested early surrender of the tenancy.** They will be liable to pay rent up to a maximum of the length of the fixed term of the contract.

### **Consequences for charging a fee that is not permitted under the new legislation**

Tenants will be able to reclaim the money they have paid via the First Tier Tribunal.

Trading Standards will be able to fine Landlords up to £30,000.

Eviction using a Section 21 procedure is not lawful until the Landlord has repaid any unlawful charges or fees or returned an unlawfully retained holding deposit.

## **When does the Tenant Fees Act 2019 come into effect?**

The Tenant Fees Act 2019 is applied to tenancies that are entered into from the 1<sup>st</sup> June 2019. Where a tenancy agreement has been entered into before 1<sup>st</sup> June 2019, charges can still be applied until 31<sup>st</sup> May 2020, but only where they are required under an existing tenancy agreement.

**If you require any further information visit [www.daventrydc.gov.uk](http://www.daventrydc.gov.uk) call Daventry District Council 01327 871100.**

**For Landlords, How to Let Guide –**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/805827/6.5707\\_MHCLG\\_How\\_to\\_Let\\_v5.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805827/6.5707_MHCLG_How_to_Let_v5.pdf)

**For Tenants, How to Rent a Safe Home -**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/805825/6.5707\\_MHCLG\\_How\\_to\\_Rent\\_a\\_Safe\\_Home\\_v3.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805825/6.5707_MHCLG_How_to_Rent_a_Safe_Home_v3.pdf)