

### Landlords, letting agents and property management

In the guide

- Relevant businesses
- Permitted fees
- Display of fees
- Display requirements
- Fees content
- Client money protection
- Complaint redress scheme
- Further information
- Penalties
- Key legislation

#### **This guidance is for England**

Legislation requires that property tenants may only be charged certain fees. There are also requirements for accommodation letting agents and property management businesses to display fees and charges to clients.

#### **Relevant businesses**

The requirements relate to landlords and businesses that receive instructions from clients regarding accommodation to be let under assured tenancy agreements to:

- introduce prospective tenants to landlords with available accommodation for rent
- arrange assured tenancy contracts between landlords and tenants
- carry out property management services for landlords

#### **Permitted fees**

Landlords may only charge clients the following fees in respect of tenancy agreements:

- rent
- tenancy deposits, which may not exceed the total of five or six weeks rent depending on whether the annual rent is less or more than £50,000
- holding deposits paid before a tenancy agreement is made, which must not exceed one week's rent
- payments required in the event of a default by the tenant in respect to:
  - the loss of a key or other security device of the housing
  - failure to make a payment of rent in full within 14 days of the due date

- payments for granting requests made by tenants to vary tenancy agreements, which must not exceed £50 or the reasonable costs of granting the request
- payments required where tenants terminate a tenancy agreement before the end of a fixed term agreement or without giving required notice, which must not be more than the actual amount of loss suffered by the landlord
- relevant council tax
- provision of:
  - utilities (gas, electric, etc)
  - a television licence
  - communication services (landline telephone, the internet, cable and satellite television)

## Display of fees

Letting agents are required to indicate the fees, charges and penalties payable to the letting agent by their clients under contracts for:

- introducing tenants to landlords with available accommodation for rent
- arranging assured tenancy agreements
- the management of rental properties

However, the following fees do not have to be indicated:

- rental charges
- tenancy deposits
- any fees, charges, penalties that the letting agent receives from a landlord under a tenancy on behalf of another person
- any other fees, charges or penalties specified in regulations

An assured tenancy is one as defined in the Housing Act 1988 (excluding long leases as defined in the Leasehold Reform, Housing and Urban Development Act 1993) except where the landlord is a:

- private registered provider of social housing
- registered social landlord
- fully mutual housing association

## Display requirements

Letting agents must display a list of relevant fees:

- in each of their premises where they deal with clients or potential clients face-to-face
- on their website (if they have one)

This list must be displayed in a conspicuous place.

Where a letting agent advertises on a third party website that agent must either:

- display a list of their relevant fees on that website  
... or
- provide a link on that website to a part of the agent's website where a list of those fees is published.

## Fees content

The displayed fees list must include:

- an adequate description of each fee and its purpose
- whether the fee is payable for the accommodation or by each tenant
- the total amount of the fee inclusive of all taxes
- the method of calculating the fee, if the fee cannot be determined in advance

## Client money protection

Property agents (those who engage in letting agency or property management work in England) are required to belong to an approved client money protection scheme.

Such property agents must display or publish, together with the required list of fees, a statement indicating that the agent is a member of a client money protection scheme and providing the name of the scheme.

If the client money protection scheme to which a property agent belongs issues a certificate confirming membership of the scheme, the property agent must:

- display the certificate at each of the agent's premises in England at which the agent deals face-to-face with clients in a place where it is likely to be seen by the clients
- publish a copy of the certificate on the agent's website (if they have one)
- produce a copy of the certificate to any person who may reasonably require it, free of charge

Property agents must notify clients in writing within 14 days if their membership of a client money protection scheme is revoked or provide clients with details if they change membership to a different scheme.

Guidance on client money protection is available on the GOV.UK website.

## Complaint redress scheme

Letting agents engaging in letting agency or property management work relating to private accommodation must be a member of a redress scheme for dealing with complaints in connection with that work.

Such businesses must display:

- a statement that they are a member of a redress scheme
- the name of the redress scheme

For more information see *Letting Agents and Property Managers: Which Government Approved Scheme do you Belong To?*, which was produced by the Ministry of Housing, Communities and Local Government.

## Further information

The Ministry of Housing, Communities and Local Government has produced *Tenant Fees Act 2019: Guidance for Landlords and Letting Agents*.

## Penalties

Failure to comply with trading standards law can lead to enforcement action and to sanctions, which may include a fine and/or imprisonment. For more information please see 'Trading standards: powers, enforcement & penalties'.

## Key legislation

Housing Associations Act 1985

Housing Act 1988

Leasehold Reform, Housing and Urban Development Act 1993

Housing Act 1996

Enterprise and Regulatory Reform Act 2013

Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014

Consumer Rights Act 2015

Client Money Protection Schemes for Property Agents (Requirement to Belong to a Scheme etc) Regulations 2019

Tenant Fees Act 2019

Last reviewed / updated: September 2019

## Please note

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.

The guide's 'Key legislation' links may only show the original version of the legislation, although some amending legislation is linked to separately where it is directly related to the content of a guide. Information on amendments to legislation can be found on each link's 'More Resources' tab.

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### Source URL:

<https://www.businesscompanion.info/en/quick-guides/services/landlords-letting-agents-and-property-management>