

Landlords, letting agents and property management

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In this guide, the words 'must' or 'must not' are used where there is a legal requirement to do (or not do) something. The word 'should' is used where there is established legal guidance or best practice that is likely to help you avoid breaking the law.

This guidance is for Wales

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

[*A 'contract-holder' is someone who rents their home under a tenancy or licence.]

Relevant businesses

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

- introduce prospective tenants to landlords with accommodation available for rent
- arrange standard occupation 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 standard occupation contracts:

- rent
- security deposits (money paid as security for the performance of obligations of a contract-holder or discharge of any liabilities arising under or in connection with an occupation contract)
- holding deposits paid before an occupation contract is made, which must not exceed one week's rent
- payments required in the event of a default by the contract-holder in respect to:
 - failure to make a payment by the due date
 - a breach of a term of the occupation contract
- relevant council tax
- provision of:
 - utilities (gas, electricity, etc)
 - a television licence
 - communication services (landline telephone, the internet, cable and satellite television)
- a reasonable fee for a further written statement of a standard occupation contract
- a fee for further copies of written statements

All other fees are prohibited. A landlord may not give notice until any prohibited payments have been repaid.

Prescribed limits for failure to pay rent

Where a contract-holder fails to pay rent by the due date, the maximum default charges that may be made are as follows:

- failure to pay rent up to, and including, seven days after the due date:
 - zero
- failure to pay rent later than seven days after the due date:
 - an annual percentage rate of 3% above the Bank of England base rate, charged daily, until the rent arrears plus the total of daily charges are paid

For example:

- a £500 monthly rent that is not paid up to, and including, seven days after the due date:
 - no default charges can be applied
- a £500 monthly rent that is not paid more than seven days after the due date:
 - with a Bank of England base rate of 4.75%, a maximum daily default charge of 7.75% APR (£1.06) can be made

Where the contract-holder is in breach of contract requiring locks, keys or other security devices to be replaced, the default charge payable by the contract-holder can be no more than the actual cost of providing replacements, including any contractor labour charges (with an invoice or receipt as evidence).

Information to be provided

Before a holding deposit is paid to a landlord or letting agent, the following information must be provided to the prospective contract-holder:

- amount of the holding deposit

- address of the dwelling in respect of which the deposit is paid
- where the holding deposit is to be paid to a letting agent or a landlord, the name and contact details of that letting agent or landlord
- duration of the tenancy contract
- proposed occupation date
- amount of rent or other consideration
- rental period
- any proposed additional, modifications to, supplementary or omissions of terms from the occupation contract
- amount of any security deposit
- whether a guarantor is required and, if so, any relevant conditions
- what reference checks the landlord or letting agent will undertake
- any information the landlord or letting agent requires from the prospective contract-holder

The required information must be provided to the prospective contract-holder in writing and may be given in person or provided by electronic means (if the prospective contract-holder consents to receiving it electronically).

Holding deposits

Where a prospective contract-holder is required to pay a holding deposit to secure first refusal on an occupation contract, that holding deposit must be repaid if the parties enter into the agreement before the deadline for agreement (except in the circumstances outlined below).

The holding deposit must also be refunded if the parties fail to enter into the agreement before the deadline for agreement (except in the circumstances outlined below).

The deadline for agreement is 15 days after the holding deposit is made, or another period as agreed in writing by the parties.

The deposit must be repaid within seven days of an agreement being made, or the deadline for agreement if one is not made.

A holding deposit does not have to be repaid where:

- it is used towards the first payment of rent under the agreement
- it is used towards the payment of a security deposit under the agreement
- the prospective contract-holder provides false or misleading information to the landlord or letting agent that materially affects the decision whether to grant the agreement or not
- the prospective contract-holder notifies the landlord or letting agent before the deadline for agreement that they have decided not to enter into the agreement
- a landlord or letting agent takes all reasonable steps to enter into an agreement before the deadline for agreement, but the prospective contract-holder fails to take all reasonable steps to enter into it

For more information, see [Renting Homes \(Fees Etc\) \(Wales\) Act 2019: Guidance for Landlords and Letting Agents](#), which was produced by the Welsh Government.

Relevant fees

The fees that have to be indicated are the fees, charges and penalties payable to the letting agent by their clients under contracts for:

- introducing contract-holders to landlords with accommodation available for rent
- arranging standard occupation contracts
- the management of rental properties

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

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

A standard occupation contract is defined in section 8(3) of the Renting Homes (Wales) Act 2016 as either a fixed term contract or a periodic contract, where the landlord is a private landlord. It does not usually arise where the landlord is a:

- private registered provider of social housing
- registered social landlord
- local authority

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.

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 contract-holder
- the total amount of the fee inclusive of all taxes
- the method of calculating the fee, if the fee cannot be determined in advance

Information regarding use of a client money protection scheme must be made available to the contract-holder within 30 days of receiving the deposit, and the contract-holder must be given an opportunity to check and sign the information given. There is also a requirement, as part of the [Rent Smart Wales](#) licence conditions, to be a member of an independent letting and management redress scheme (as accepted by Rent Smart Wales).

Trading Standards

For more information on the work of Trading Standards services - and the possible consequences of not abiding by the law - please see ['Trading Standards: powers, enforcement and penalties'](#).

In this update

General detail added and terminology updated.

Last reviewed / updated: January 2025

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](#)
- [Consumer Rights Act 2015](#)
- [Renting Homes \(Wales\) Act 2016](#)
- [Renting Homes \(Fees etc\) \(Wales\) Act 2019](#)
- [Renting Homes \(Fees etc\) \(Holding Deposits\) \(Specifies Information\) \(Wales\) Regulations 2019](#)
- [Renting Homes \(Fees etc\) \(Prescribed Limits of Default Payments\) \(Wales\) Regulations 2020](#)

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 go to the legislation.gov.uk website. The site usually updates the legislation to include any amendments made to it. However, this is not always the case. Information on all changes made to legislation can be found by following the above links and clicking on the 'More Resources' tab.

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