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Guidance

How to let

Updated 10 December 2020

Applies to England

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This publication is available at https://www.gov.uk/government/publications/how-to-let/how-to-let

Please be aware that some advice in this guide may be affected by the latest coronavirus (COVID-19) guidance for renting.

Please refer to <u>guidance for landlords</u>, <u>tenants and local authorities</u> (<u>https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities</u>) reflecting the current COVID-19 outbreak.

Who is this guide for?

This guide is for people who are considering letting a house or flat in England to tenants in the private rented sector while living in another property.

This guide does not cover leasehold

(https://www.gov.uk/government/publications/how-to-lease), holiday lets (https://www.gov.uk/government/publications/furnished-holiday-lettings-hs253-self-assessment-helpsheet/hs253-furnished-holiday-lettings-2015) or 'resident landlords' who let to lodgers

(https://england.shelter.org.uk/housing_advice/private_renting/lodgers).

This guide will help you to understand what responsibilities you have as a landlord, which will help you create a positive relationship with your tenant.

1. Assured shorthold tenancy

This guide is focused on landlords letting to tenants on an <u>assured shorthold</u> <u>tenancy (https://www.gov.uk/private-renting-tenancy-agreements/tenancy-types)</u> (AST). An AST is the main type of tenancy arrangement between landlords and tenants. By setting up an AST, you enter a contractual arrangement to let your property to a tenant.

Key legal responsibilities

This guide will help you to understand your key legal responsibilities as a landlord. This includes:

- ensuring the property is fit for human habitation and free from hazards at the beginning of the tenancy and throughout
- abiding by the provisions in the Tenant Fees Act 2019 which bans charging unfair fees to tenants in connection with a tenancy and caps tenancy – and holding – deposits

 protecting tenancy deposits in a <u>government-approved scheme</u> (https://www.gov.uk/tenancy-deposit-protection)

- providing your tenants with a copy of the "How to rent: the checklist for renting in England" (How to rent guide (https://www.gov.uk/government/publications/how-to-rent)
- keeping the property in a good state of repair
- carrying out gas safety checks and giving a copy of the certificate to the tenant(s) before the start of the tenancy
- obtaining an Energy Performance Certificate (EPC), if required, and giving a copy to the tenant at the earliest opportunity. EPCs must show a minimum rating of no lower than E is met
- ensuring electrical installations and appliances are safe
- installing smoke and carbon monoxide alarms
 (https://www.gov.uk/government/publications/smoke-and-carbon-monoxide-alarms-explanatory-booklet-for-landlords)
- make sure that your tenant has the correct contact details for you or your agent, including a telephone number they can use in case of an emergency.
 Under section 48 Landlord and Tenant Act 1987, you are required to provide your tenant with your name and with an address (which must be in England or Wales) where they can serve any notices on you. The rent due under the tenancy agreement will not be 'lawfully due' until you have done so

2. Before letting your property

It is illegal for landlords or letting agents to charge certain fees to tenants.

Any landlords or letting agents found to be in breach of the Act are liable for a fine of up to £5,000 in the first instance and if a further breach is committed within 5 years, they are liable for a fine of up to £30,000 or prosecution. Read the government <u>guidance for landlords and letting agents on the Tenant Fees Act 2019 (https://www.gov.uk/government/publications/tenant-fees-act-2019-guidance)</u>.

You may find it helpful to engage an agent to let and/ or manage your property, particularly if you do not have the time to manage the property yourself. You should check that the agent complies with all relevant regulations and if they are a member of a professional body.

Make sure you have a written agreement with the agent that sets out exactly what they will do on your behalf. If this is not clear, this might cause problems for you and your tenants.

You should check what fees (if any) the agent will charge and ensure they are complying with the Tenant Fees Act 2019 before agreeing to allow them to let out your property.

See the section on 'Letting agent rules and regulations' below.

Sub-letting a leasehold property

If you are a leaseholder owner, check the terms of the lease to see whether there are any terms or conditions relating to letting the property out. Some leases require you to obtain the freeholder's consent before sub-letting. If the property is a shared ownership property subletting is not usually allowed.

Letting with a mortgage

Usually, buy-to-let mortgages are used to fund the purchase of the property which is intended to be let. If you wish to let a property with an existing owner-occupier mortgage, you must seek consent from your mortgage lender and insurance provider.

Property licensing and Houses in Multiple Occupation (HMOs)

A small HMO is a property occupied by three or more unrelated people who share facilities such as the kitchen and/or bathroom. If you operate an HMO you must comply with the HMO Management Regulations (http://www.legislation.gov.uk/uksi/2006/372/contents/made).

There are additional responsibilities for the management of HMO properties, which are not covered in this guide. You should contact your local authority to find out more about your responsibilities if you manage a licensable property.

A large HMO is a property occupied by five or more people in two or more households who share facilities such as a kitchen and/or bathroom must be licensed with the local authority under mandatory national licensing.

In some areas, local authorities require landlords to hold a licence to let out a property under an additional licensing scheme (covering small HMOs) or selective licensing requiring all rented properties in the area to be licensed. Check with your local authority (https://www.gov.uk/find-local-council) if your property must be licensed.

Failure to **license** a relevant property is a criminal offence.

Tax obligations

Letting a property can increase your income and you may be taxed. It may also affect any benefits that you receive. Use this online guide (https://www.gov.uk/guidance/income-tax-when-you-rent-out-a-property-working-out-your-rental-income) to find out your tax obligations as a landlord and how to work out your rental income.

For more information about your financial obligations as a landlord, please watch this <u>video (https://www.moneyadviceservice.org.uk/en/articles/financial-responsibilities-if-you-rent-out-a-property)</u>.

Accreditation schemes

You should consider joining a landlord accreditation scheme. Membership of an accreditation scheme can provide various benefits, including signalling to your tenants that as a landlord you meet a set of professional standards. Your <u>local authority (https://www.gov.uk/find-local-council)</u> can advise you on accreditation schemes operating in your area.

There are also national schemes that can provide you with advice and keep you up to date with the latest news.

Product safety

You should check regularly to ensure all that products, fixtures and fittings provided are safe and that there haven't been any product recalls.

Help is available at the Royal Society for the Prevention of Accidents (ROSPA) (https://www.rospa.com/Campaigns-Fundraising/Current), Trading Standards (https://www.tradingstandards.uk/news-policy/campaigns) and the Child Accident Prevention Trust (https://www.capt.org.uk/Pages/Category/safety-advice-injury-types).

Blinds and blind cords

To prevent accidents associated with blind cords, blinds should be safe by design and not have looped cords, and this is especially important in a child's bedroom. More information can be found on the ROSPA website (https://www.rospa.com/campaigns-fundraising/current/blind-cord)

Checklist

- You must ensure that you have an appropriate mortgage or permission from your mortgage lender in place
- You must obtain the freeholder's consent to sub-let (where necessary) if you are a leaseholder
- You must obtain a property licence (where necessary)

- You should check your tax obligations as a landlord
- · You should consider joining a landlord accreditation scheme

Letting agent rules and regulations

Letting agents must comply with <u>the relevant legislation</u> (https://www.legislation.gov.uk/uksi/2014/2359/contents/made). They must abide by business rules and regulations, plus those specific to their industry.

Membership of a redress scheme

All letting agents and property managers in England must be a member of a government-approved redress scheme

(https://www.gov.uk/government/publications/lettings-agents-and-property-managers-redress-schemes). This ensures both landlords and tenants can make complaints to an independent, expert body. By law, information on the name of the redress scheme an agent is a member of must be displayed at each premises of the letting agent or property manager or published on the website.

Client money protection scheme membership

In England, letting agents and property managers who operate in the private rented sector and hold client money are required to belong to a government-approved client money protection scheme. They must provide the name of the approved scheme and display their certificate of membership in their offices and on their website.

Transparent fees

All letting agents must publicise any fees they charge so landlords and tenants are aware of the cost of renting through that agent. Please note that most fees to tenants are banned under the Tenant Fees Act 2019.

Checklist

- You should check if the agent is a member of a professional body
- You should check if the agent is a member of a redress scheme and client money protection scheme
- You should check whether the agent has complied with the ban on letting fees in the Tenant Fees Act 2019

 You should have a written agreement outlining the services your agent will provide and when

3. Getting your property ready

Gas and electric appliances

You must ensure an annual gas safety check on each gas appliance and flue is carried out and keep a record of each check. Once this has been done you'll be given a Landlord Gas Safety Record or Gas Safety certificate which you must provide to current tenants within 28 days or new tenants at the start of their tenancy. Failure to do so may mean you are not able to use section 21 of the Housing Act 1988 to take possession of your property if needed.

Electrical installations and fixed appliances must be safe. Under the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020, you will have to get your property electrics checked at least every five years by a properly qualified person. This will apply to new tenancies on 1 July 2020 and existing tenancies on 1 April 2021. The electrics must be safe and you must give your tenant proof of this. For more information please see our <u>guidance on electrical safety standards in the private rented sector</u> (https://www.gov.uk/government/publications/electrical-safety-standards-in-the-private-rented-sector-guidance-for-landlords-tenants-and-local-authorities).

It is also recommended that you regularly carry out portable appliance testing (PAT) on any electrical appliances you provide and supply the tenant with a record of any electrical inspections carried out.

You should ensure that anybody carrying out electrical work on the property is competent to do so. Find your nearest <u>registered electrician</u> (http://www.electricalcompetentperson.co.uk/).

Smoke and carbon monoxide alarms

Working smoke alarms must be installed on every storey of living accommodation. If your property has any rooms that contain a solid fuel appliance, such as a wood burning stove, working open fire etc., you must also install carbon monoxide alarms in those rooms (https://www.rla.org.uk/landlord/guides/carbon-monoxide-requirements.shtml).

You must <u>carry out a check (https://www.gov.uk/government/publications/hhsrs-operating-guidance-housing-act-2004-guidance-about-inspections-and-assessment-of-hazards-given-under-section-9)</u> on the first day of a new tenancy to ensure that smoke and carbon monoxide alarms are in working order Failure to comply can lead to a civil penalty of up to £5,000.

Enforcement officers in your local authority or fire safety officers in your local fire and rescue service can advise those managing HMOs of the fire safety requirements, as these may differ.

Energy efficiency

You must provide tenants with an Energy Performance Certificate (EPC) (https://www.gov.uk/buy-sell-your-home/energy-performance-certificates) (except some HMOs, for example bedsits or where you let out individual rooms) at the earliest opportunity. You will not be able to obtain possession of your property using a section 21 notice unless you provide this.

Since April 2020, all privately rented properties must have a minimum EPC rating of E. Where a property qualifies for an exemption, this must be registered on the <u>National PRS Exemptions Register (https://www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents).</u>

If improvements are necessary for a property to meet the minimum energy efficiency standard, landlords will not be required to spend more than £3,500. If you cannot improve your property to EPC E for £3,500 or less, you should make all the improvements which can be made up to that amount, then register an 'all improvements made' exemption (https://prsregister.beis.gov.uk/NdsBeisUi/used-service-before).

Local authorities can impose penalties of up to £5,000 for breaches. Tenants can also <u>ask permission to carry out energy performance improvements</u>
(https://www.rla.org.uk/landlord/guides/requesting-energy-efficiency-improvements.shtml)
and you cannot unreasonably refuse consent.

If the tenant is responsible for paying the energy bills, they can choose to have a smart meter installed. Read guidance (https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/understand-smart-prepayment-and-other-energy-meters/smart-meters-your-rights) about this and information about how to get a smart meter (https://www.smartenergygb.org/en/get-a-smart-meter/how-to-get-a-smart-meter).

Furniture

You must ensure that any furniture supplied has the required fire safety labels and is fire resistant. You can find <u>further information on product safety</u> (https://www.gov.uk/government/organisations/office-for-product-safety-and-standards).

Water safety

You must ensure the water supply is in working order and carry out a <u>risk</u> <u>assessment to assess the risk from exposure to Legionella</u> (http://www.hse.gov.uk/legionnaires/legionella-landlords-responsibilities.htm).

Checklist

- You must install smoke alarms and possibly carbon monoxide alarms and ensure that they are working on the first day of the tenancy
- You must have a valid annual gas safety certificate
- You must have an EPC for your property (rated E or above from April 2018)
- You must ensure that furniture supplied has the required fire safety labels and fireproofing
- You must carry out a risk assessment to assess the risk from exposure to Legionella to ensure the safety of your tenants
- You must keep the property and installations in repair and working order.
 The property must be fit for human habitation You should make certain that there are no serious health and safety hazards in the property. Here is guidance (https://www.gov.uk/government/collections/housing-health-and-safety-rating-system-hhsrs-guidance) on how to do this
- If your property is on a private water supply, letting it confers additional obligations on the local authority for which they can recharge you

Make sure you keep records to ensure you have proof that you are following the necessary legal requirements.

4. Setting up your tenancy

The tenancy agreement

It is best practice to provide your tenant with a <u>written tenancy agreement</u> (https://www.gov.uk/tenancy-agreements-a-guide-for-landlords/tenancy-types).

The terms of your agreement must be fair and if your agreement conflicts with the duties imposed on landlords by legislation, then the legislation overrides your tenancy agreement.

The government has published a <u>model tenancy agreement</u> (https://www.gov.uk/government/publications/model-agreement-for-a-shorthold-assured-tenancy) which can be downloaded for free. You may decide to draw up your own agreement. If so, it is recommended that you seek professional legal advice.

Prospective tenants should be given every opportunity to read and understand the terms of the tenancy, before agreeing to sign the tenancy agreement.

Things to consider before making the agreement

How long is the tenancy initially for?

A tenancy can be periodic (e.g. month to month) or for a fixed term. There is no maximum fixed term for a tenancy, although one granted for longer than 3 years must be executed as a <u>deed (https://www.gov.uk/government/publications/execution-of-deeds/practice-guide-8-execution-of-deeds)</u>. If the tenancy is going to be for 7 years or longer special rules apply and you will normally need to use a solicitor to draft a lease.

Who is responsible for bills such as electricity, gas, water and <u>council tax</u> (https://www.gov.uk/council-tax)? You or the tenant?

Usually the tenant pays for these and they must have a choice over the provider for utilities. This must be made clear in the tenancy agreement.

Legal requirements

You are legally required to:

Carry out right to rent checks

As the landlord, you must <u>check whether a tenant is aged 18 or over and can legally rent in England (https://www.gov.uk/check-tenant-right-to-rent-documents)</u>. There are two types of right to rent checks; a manual document-based check or a check via the Home Office online checking service. You cannot insist which service your prospective tenant chooses to use.

Conducting either the manual check or the online check as set out in the <u>Code of practice on right to rent: civil penalty scheme for landlords and their agents (https://www.gov.uk/government/publications/right-to-rent-landlords-code-of-practice) will provide you with a statutory excuse against a civil penalty. You may need to <u>contact the Home Office (https://www.gov.uk/government/publications/landlords-guide-to-right-to-rent-checks)</u> to carry out a right to rent check if the individual is not in possession of their documents.</u>

Further information for landlords on right to rent checks can be found on <u>GOV.UK</u> (https://www.gov.uk/government/collections/landlords-immigration-right-to-rent-checks).

Protect tenancy deposits

You may ask the tenant to pay a deposit before moving into your property in case of any damage or unpaid bills at the end of the tenancy. It's important to remember that the deposit is the tenant's money. For Assured Shorthold Tenancies created since 6 April 2007 the deposit must be protected by a <u>government approved</u> deposit protection scheme (https://www.gov.uk/tenancy-deposit-protection).

Since 1 June 2019, there is a limit to the amount that you can ask for a tenancy deposit. The tenancy deposit for new tenancies is capped at 5 weeks' rent, where the annual rent is below £50,000. For properties with an annual rent of £50,000 or higher the tenancy deposit is capped at 6 weeks' rent. For more information, please read the government's <u>guidance on the Tenant Fees Act for landlords and letting agents (https://www.gov.uk/government/publications/tenant-fees-act-2019-guidance)</u>.

The landlord (or agent if they are acting on the landlord's behalf) must protect the deposit in one of the schemes within 30 calendar days from the day the deposit is received and must provide the tenant with details ('Prescribed Information') of how their deposit has been protected within the same 30-day period.

Failure to do so means the tenant can take you to court and you will be liable to pay them between 1 and 3 times the amount of the deposit. You will not be able to obtain possession from them using a section 21 notice unless you refund the deposit first, if you fail to follow the rules.

Provide a copy of the How to rent guide, Energy Performance Certificate, a copy of the gas safety certificate.

You must provide your tenants with a copy of the latest version of the How to rent guide at the start of a tenancy, either as a hard copy or, if agreed with the tenant, via email as a PDF attachment. You cannot rely on a section 21 notice to obtain possession from the tenant if you have not provided these documents.

Provide a copy of the electrical safety report.

You must provide this to your tenants and to your local authority if requested. This will apply to new tenancies from 1 July 2020 and existing tenancies from 1 April 2021. The electrics must be safe and you must give your tenants proof of this. For more information please see our guidance on electrical safety standards in the private rented sector. (https://www.gov.uk/government/publications/electrical-safety-standards-in-the-private-rented-sector-guidance-for-landlords-tenants-and-local-authorities)

Provide your contact details

Make sure that your tenant has the correct contact details for you or your agent, including a telephone number they can use in case of an emergency. Under section 48 Landlord and Tenant Act 1987, you are required to provide your tenant with your name and with an address (which must be in England or Wales) where they can serve any notices on you. The rent due under the tenancy agreement will not be 'lawfully due' until you have done so. In other words, the tenant could withhold the rent and a court will not treat them as liable for any arrears, until such time as you serve the section 48 notice.

Checklist

You should provide your tenant with a written tenancy agreement

- You must carry out right to rent checks
- You must not take a tenancy deposit in excess of the relevant cap for that tenancy
- You must protect your tenant's deposit in a deposit protection scheme
- You must provide your tenant with a copy of the <u>How to rent guide</u> (https://www.gov.uk/government/publications/how-to-rent)
- You must provide your tenant with a copy of the property's Energy
 Performance Certificate at the earliest opportunity
- You must provide your tenant with a copy of the gas safety certificate before the tenant moves in
- You must provide a copy of the electrical safety report
- You must provide the tenant with your name and with an address (in England or Wales) where the tenant can service notices on you

You must not unlawfully discriminate against a tenant or prospective tenant on the basis of their disability, sex, gender reassignment, pregnancy or maternity, race, religion or belief or sexual orientation.

It is best practice to:

Carry out reference checks

You may wish to obtain references from your tenants' former landlords/agents to help you form a view as to whether they are reliable. You may also want to conduct a credit check to confirm their financial responsibility. A letting agent might provide this service, or there are specialist referencing companies. You must not charge tenants for any reference checks. You may also want to carry out reference checks yourself, for example by asking to see your tenant's bank statements or payslips. If the property is in a selective licensing designation, referencing is a legal requirement.

Schedule 4 of the Housing Act 2004 sets out the mandatory conditions to be applied to property licences, including that the licence holder must supply to the occupants of the house a written statement of the terms on which they occupy it and they must demand and obtain references from persons who wish to occupy the house.

Prepare and agree an inventory

We recommend you clear the property of any sentimental possessions, have the property cleaned to a professional standard and prepare a detailed inventory recording the contents and condition of each room in the property. Consider including photos (time and date stamped). If you have joined a landlord accreditation scheme, they may have a form of inventory that you can use. Make two copies of the inventory – one for you to retain and one for the tenant. At the start of the tenancy go through the property with the tenant to ensure that the inventory is agreed. If any changes are necessary, make sure that they are made and initialled by both of you on both copies of the document. Both you and the tenant should sign and date both copies of the agreed inventory, and you should each keep a copy safely to refer back to at the end of the tenancy.

Other things to consider

You may want to request a rent guarantor

Some landlords ask someone to guarantee the tenant's rental payments. If you do this, bear in mind that for sharers you may need to make it clear which tenant they are providing the guarantee for.

Tenants in receipt of benefits

Tenants who are entitled to Housing Benefit or Universal Credit may get help to pay all or part of their rent (up to the Local Housing Allowance (LHA) rate for tenants in the private rented sector). You can check LHA rates using this <u>online calculator (https://www.gov.uk/government/publications/understanding-local-housing-allowances-rates-broad-rental-market-areas).</u>

For more information, see this guide on Universal Credit for landlords

(https://www.gov.uk/government/publications/universal-credit-and-rented-housing-2/universal-credit-and-rented-housing-guide-for-landlords) or this guide about helping
tenants to manage their own rent payments
(https://www.moneyadviceservice.org.uk/en/categories/resources-for-professionals-welfarereform-information-for-landlords).

5. During a tenancy

As a landlord, you must:

Keep in repair and proper working order
 https://www.gov.uk/government/publications/review-of-property-conditions-in-the-private-rented-sector) the installations for the supply of water, gas, electricity and sanitation

 Keep in repair and proper working order the installations for the heating of space and water

- Keep the property fit for habitation at the outset and for the duration of the tenancy, as required by the Homes (Fitness for Human Habitation) Act 2018.
 Read <u>guidance for landlords (https://www.gov.uk/government/publications/homes-fitness-for-human-habitation-act-2018/guide-for-landlords-homes-fitness-for-human-habitation-act-2018)</u>
- Keep the structure and exterior of the property in repair
- Carry out repairs within a reasonable period once you become aware that work is needed. What is a 'reasonable period of time' will depend on the nature of the problem and how it affects the tenant. Some repairs will be more urgent than others
- Maintain any appliances and furniture you have supplied
- Fit smoke alarms (https://www.gov.uk/government/publications/hhsrs-operating-guidance-housing-act-2004-guidance-about-inspections-and-assessment-of-hazards-given-under-section-9) on every floor and carbon monoxide alarms
 (https://www.rla.org.uk/landlord/guides/carbon-monoxide-requirements.shtml) in rooms
 with appliances using solid fuels such as coal and wood and make sure they
 are working at the start of a tenancy
- Arrange an annual <u>gas safety check</u>
 (http://www.hse.gov.uk/gas/landlords/safetycheckswho.htm) by a Gas Safe engineer (where there are any gas appliances)
- Arrange a five-yearly electrical safety check by a qualified and competent person (this applies to new tenancies from 1 July 2020 and existing tenancies from 1 April 2021)
- Get a licence for the property, if it is <u>licensable</u>
 (https://www.gov.uk/government/publications/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities)

You should also:

- Consider getting landlords' insurance.
- Insure the building to cover the costs of any damage from flood or fire.
- Make sure your tenant(s) know how to operate the boiler and other key appliances.

Remember – it is the tenant's home.

You **must** permit the tenant rights of quiet enjoyment. You cannot access the property whenever you like, unless it is an emergency, and must give at least 24 hours' notice of visits for things like repairs. Access must be at a reasonable time and you must not enter the property, even if the tenant is absent, unless you have their permission to do so.

A tenant must:

- Pay the rent on time.
- Pay any other bills that they are responsible for on time, such as council tax, gas, electricity and water bills. If a tenant pays the gas or electricity bills, they can choose their own energy supplier.
- Look after the property. A tenant must get your permission before attempting repairs or decorating.
- Be considerate to the neighbours. A tenant could be evicted for anti-social behaviour if they aren't.

The <u>How to rent guide (https://www.gov.uk/government/publications/how-to-rent)</u> has further details on the tenants' responsibilities.

6. At the end of a tenancy

If the tenant wants to stay, you will need to consider the following:

Do you want them to sign a new fixed term or would you rather they have a 'rolling periodic tenancy'?

Renewal fees are prohibited for all types of tenancies.

The deposit cap introduced by the Tenant Fees Act 2019 means your tenant may be entitled to a partial refund of their tenancy deposit. The government's <u>guidance</u> on the Act (https://www.gov.uk/government/publications/tenant-fees-act-2019-guidance) explains how this affects you.

At the end of the tenancy, you can agree a new fixed term with your tenant. Alternatively, you can allow the tenancy to become a rolling periodic tenancy. This means you carry on as before but with no fixed term – the tenant can leave at any time by giving notice (normally one month).

Do you want to increase the rent?

You can increase the rent by agreement or as set out in your tenancy agreement, or by following a <u>procedure set out in law (https://www.gov.uk/private-renting/rent-increases)</u>

If you or the tenant want the tenancy to end, there are things both of you must do.

Give notice

You must give <u>proper notice (https://www.gov.uk/evicting-tenants)</u> if you want the tenant to leave. The length of notice depends on the grounds under which you are asking the tenant to leave. More information can be found <u>here (https://www.gov.uk/evicting-tenants)</u>.

The tenant cannot be required to leave before any fixed period of the tenancy has come to end, unless there is a break clause in the tenancy agreement or you have grounds for eviction under section 8 of the Housing Act 1988. See the 'Obtaining possession from a tenant' section below.

If your tenant wishes to leave

The tenancy agreement should set out the amount of notice your tenant will need to provide if they wish to end the tenancy.

If they are still within the fixed term or the tenant wishes to leave sooner than the notice period allows, the tenancy agreement can be ended if both parties agree. Unless or until a suitable replacement tenant is found, the tenant will remain liable for rent until the fixed-term agreement has ended or, in the case of a rolling periodic tenancy, until the required notice period under the tenancy agreement has expired.

You can charge a fee to your tenant if they wish to end the tenancy early, although this fee must not exceed the loss incurred by you or reasonable costs to your letting agent if you are using one. The government's guidance on the Tenant Fees Tenant Fees Act (https://www.gov.uk/government/publications/tenant-fees-act-2019-guidance) contains more information.

Return the deposit

If the tenant has met the terms of their tenancy agreement, then they should get all of their deposit back at the end of their tenancy.

You can withhold part of their deposit to compensate for any damage caused to your property or furnishing or reasonable cleaning costs, but not for reasonable wear and tear (reform-of-the-wear-and-tear-allowance/reform-of-the-wear-and-tear-allowance/. You should carry out an end of tenancy inspection, ideally with the tenant present, and with the inventory agreed

at the beginning of the tenancy to hand. Take note of anything you consider to be missing, damaged or insufficiently clean, take photos as evidence and try to reach agreement with the tenant.

You should initiate the return of the tenancy deposit to the tenant as soon as possible. If the deposit is protected by an insurance-backed scheme you must return it within 10 days of you and the tenant agreeing how much you'll retain. If the deposit is in a custodial scheme, you must respond promptly to any request received from the scheme, to enable the scheme to deal appropriately with the deposit.

If the tenant disagrees with the amount that you decide to withhold from their deposit, they may raise a dispute with your deposit protection scheme. You should check the process of raising a dispute with your relevant scheme.

Make sure the rent payments are up to date

Your tenant cannot withhold rent because they think that it will be taken out of the deposit.

Check that the tenant has not left bills unpaid

Ask your tenant if they have paid the bills they are due to pay.

Ensure that any possessions are cleared from the property

The tenant should remove all possessions (including any furniture) belonging to the tenant or any member of the tenant's household or visitors and all rubbish from the property at the end of the tenancy. If any such possessions are left at the property after the tenancy has ended, the tenant will be responsible for meeting all reasonable removal and storage charges. If you wish to sell or dispose of the tenant's possessions, you must serve a written notice giving reasonable notice of your intentions. The costs of removal, storage and disposal may be deducted from any sale proceeds. However, you should preserve the proceeds of sale for a reasonable period.

7. If things go wrong

It is a landlord's responsibility to keep the property they rent out in good repair, fit for human habitation and free of hazards. If your tenant raises concerns about the condition of the property it is your responsibility to assess the condition and make necessary repairs. If you don't, your tenant can ask the local authority to carry out an inspection.

The local authority has a duty to take action if it considers there is a serious risk to health and safety. If they decide to serve an improvement notice, you cannot evict your tenant with a section 21 notice for 6 months. If you fail to comply with a statutory notice, local authorities may prosecute or issue a civil penalty of up to

£30,000. Tenants have the right to take action in the county court if you fail to carry out repairs within a reasonable time, or if the property is not fit for human habitation. The county court can order you to do the necessary works and can order you to pay compensation to the tenants. Tenants can also take action in the magistrates' court if the conditions at the property amount to a statutory nuisance. The magistrates can order that works be carried out, and that compensation and/or a fine be paid.

If your tenant is having financial troubles encourage your tenant to speak to you. Try to be helpful and sympathetic. You should work together to agree a repayment plan if your tenant is unable to fully pay their rent. Possession action through the court should be a last resort as it is costly and can take some time. If you want the tenant to leave the property, you must notify them in writing, with the right amount of notice

(http://england.shelter.org.uk/housing advice/eviction/eviction notices from private landlor ds) in the correct form. Tenants can only be legally removed from the property with a court order. See 'Obtaining possession from a tenant' below.

If you are taking possession action against a tenant who may potentially become homeless, advise them to contact the housing department of your <u>local</u> authority (https://www.gov.uk/find-local-council) straight away.

If you have a complaint about a letting agent's service and they don't resolve your complaint, you can complain to their <u>independent redress scheme</u> (https://england.shelter.org.uk/housing_advice/private_renting/letting_agent_redress_schemes). If they fail to comply with legal requirements, you should contact Citizens
Advice (https://www.citizensadvice.org.uk/).

If you fail to abide by the rules

It is important to act responsibly as a landlord, comply with your statutory obligations and your obligations under the tenancy agreement, and take advice from a professional body or a solicitor when in doubt. If you fail to abide by the rules there will be consequences for the tenant – the tenant should be comfortable in their home and be able to enjoy peaceful occupation and security – and there may be consequences for you:

- You will be prohibited from using a section 21 notice to obtain possession from the tenant if you fail to provide the tenant with copies of the EPC, gas safety certificates and the How to rent guide
- You will be prohibited from using a section 21 notice if you fail to deal with the tenant's deposit in accordance with the requirements of a government-approved deposit scheme
- You will be prohibited from using a section 21 notice if you charge fees that are not permitted under the Tenant Fees Act 2019

 You may face proceedings and be ordered to pay up to three times the amount paid by the tenant as a deposit if you do not place that deposit in a governmentapproved deposit scheme

- You may face enforcement action by the local authority if the property is not kept free of hazards and kept fit for human habitation, and that may prevent you from being able to rely on section 21 for a period of 6 months
- The tenant may bring proceedings against you if repairs are not carried out and if the property is not kept fit for human habitation, which could result in your having to pay compensation and/or a fine, as well as having to do the works
- If you evict the tenant without using the court process you could face a criminal prosecution by the local authority and/or the tenant could bring a claim in the county court for re-instatement and compensation
- The tenant or the local authority could apply to the First-Tier Tribunal for an order requiring you to repay rent that you have received if you are guilty of certain matters such as unlawful eviction or failure to comply with statutory notices
- A local authority can apply to the First-Tier Tribunal for an order banning you
 from letting out properties in its area, for a given period of time, if you have been
 convicted of certain offences.
- Landlords convicted of a banning order offence can be included in the national database of 'Rogue Landlords'

Obtaining possession from a tenant

If you want your tenant to leave your property you must follow the correct strict procedures. If you do not, you may be guilty of illegally evicting or harassing your tenant.

The correct process for gaining possession of your property under an Assured Shorthold Tenancy is set out in <u>Understanding the possession action process:</u>

<u>A guide for private landlords in England and Wales.</u>

(https://www.gov.uk/government/publications/understanding-the-possession-action-

process-guidance-for-landlords-and-tenants/understanding-the-possession-action-process-a-guide-for-private-landlords-in-england-and-wales)

Before taking steps to recover possession of your property, you should consider discussing any underlying problems with your tenant, either directly or through a mediation service, and try to resolve these without taking court action. This could save you time and money.

8. Further sources of information

Government guidance

- Tenant Fees Act 2019 (https://www.gov.uk/government/publications/tenant-fees-act-2019-guidance)
- Homes (Fitness for Human Habitation) Act 2018
 (https://www.gov.uk/government/publications/homes-fitness-for-human-habitation-act-2018)
- Consolidated enforcement guidance
 (https://www.gov.uk/government/publications/landlord-and-tenant-rights-and-responsibilities-in-the-private-rented-sector)

Sector bodies

- Guild of Residential Landlords (http://www.landlordsguild.com/)
- London Landlord Association Scheme (https://www.londonlandlords.org.uk/)
- National Residential Landlords Association (https://www.rla.org.uk/)
- Royal Institution of Chartered Surveyors (https://www.rics.org/uk/)
- Southern Landlords Association (http://ihowz.uk/)

Tenancy deposit protection schemes

- Deposit Protection Service (https://www.depositprotection.com/)
- MyDeposits (https://www.mydeposits.co.uk/)
- Tenancy Deposit Scheme (https://www.tenancydepositscheme.com/)

Letting agent redress schemes

- The Property Ombudsman (https://www.tpos.co.uk/join-the-scheme)
- Property Redress Scheme (https://www.theprs.co.uk/PropertyAgent/JoinNow)

Client Money Protection Schemes

 Approved schemes (https://www.gov.uk/client-money-protection-scheme-propertyagents)

Help and advice

- Further information about <u>landlord and tenant rights and responsibilities</u> (https://www.gov.uk/government/publications/landlord-and-tenant-rights-and-responsibilities-in-the-private-rented-sector)
- Citizens Advice (https://www.citizensadvice.org.uk/)
- Your local Trading Standards (https://www.gov.uk/find-local-trading-standards-office)
- The Law Society (http://www.lawsociety.org.uk/)
- Propertychecklist (http://www.propertychecklists.co.uk/)
- <u>Lets with Pets (http://www.letswithpets.org.uk/downloads/renting-to-pet-owners.pdf)</u> –
 for advice on renting to pet owners
- Money Advice Service (https://www.moneyadviceservice.org.uk/en)

Also in this series

The government's <u>How to rent a safe home</u> (https://www.gov.uk/government/publications/how-to-rent-a-safe-home/how-to-rent-a-safe-home/) guide helps current and prospective tenants ensure that a rented property is safe to live in.

The government's <u>How to rent (https://www.gov.uk/government/publications/how-to-rent/how-to-rent-the-checklist-for-renting-in-england)</u> guide helps tenants and landlords in the private rented sector understand their rights and responsibilities.

The government's <u>How to lease (https://www.gov.uk/government/publications/how-to-lease)</u> guide helps current and prospective leaseholders understand their rights and responsibilities.

The government's <u>How to buy a home</u> (https://www.gov.uk/government/publications/how-to-buy-a-home/how-to-buy) guide provides information to home buyers.

The government's <u>How to sell a home</u> (https://www.gov.uk/government/publications/how-to-sell-a-home/how-to-sell-a-home/how-to-sell-a-home/ guide provides information to those looking to sell their home.

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