

Jones Lang LaSalle Incorporated

Landlord Factsheet on the Tenant Fees Act 2019

All fees charged to tenants from 1 June 2019 are prohibited unless expressly permitted under the Tenant Fees Act 2019

TENANCY TYPES

Assured Shorthold Tenancy (AST) / Housing Act Tenancy

The most common form of tenancy is an AST, most new tenancies are automatically this type if the following apply:

- you rent to a private tenant
- the property is your tenants main home
- you do not live in the property
- the rent is less than £100,000 a year

Non Housing Act Tenancy (NHA)

A tenancy cannot be an AST if:

- the tenancy is in a company name
- the property is not your tenants main home
- the rent is more than £100,000 a year
- it's a holiday let

PERMITTED PAYMENTS

Rent

Tenancy Deposit: *held to cover damages, non-payment of rent or utilities* – capped at five weeks' rent, unless rent is more than £50,000 per annum where a six week deposit can be taken

Holding Deposit: *paid to reserve the property between offer and the tenancy starting* – capped at one week's rent and can only be held by the agent for 15 days, unless otherwise agreed

Council Tax and Utilities

Tenancy Change (tenancy variation, novation or assignment): capped at £50

Early Termination: payment limited to any unpaid rent and other reasonable costs

Green Deal charge

This means that we can no longer charge tenants for reference fees, the check-in or check-out or take a higher deposit for students or tenants with pets.

HOLDING DEPOSIT

As part of the new legislation, there are more stringent rules on taking, holding, retaining and returning holding deposits. We can only retain a holding deposit if:

- The tenant fails a Right to Rent check
- The tenant provides false or misleading information
- The tenant withdraws or fails to take all reasonable steps to enter into a tenancy agreement

TRANSITION PERIOD

- For existing tenancies (those signed before 1 June 2019) there is a transitional 12-month period ending 31 May 2020. During this time existing agreed fees can continue to be charged.
- After 12 months (31 May 2020) from when the Tenant Fees Act 2019 comes into force all prohibited payments will be unlawful, regardless of when the tenancy started.
- Agents do not need to refund existing tenancy deposits held that are over five or six weeks' rent. Where a tenant renews their tenancy by signing a new fixed term agreement on or after 1 June 2019, any amount of their existing deposit which exceeds the applicable five or six week limit must be refunded.

FINANCIAL PENALTIES

A breach of the fees ban will be a civil offence with a financial penalty of up to £5,000. Each breach of the ban will result in a separate fine.