

## Changing times for landlords and tenants

The Tenant Fees Bill received Royal Assent on Tuesday 12 February 2019. So what does this mean for tenants and landlords in England from the 1<sup>st</sup> June this year?

With the lack of affordable housing to buy, many people these days become long term renters. As a result of this, the government has been forced to consider the impact that costs, (in addition to rent) have on tenants within the rental market under Assured Shorthold Tenancies and Licence Agreements. The purpose behind this Bill has been to put an end to unnecessary costly charges being passed on from landlords and agents to their tenants.

The main points from the Tenant Fees Act 2019 (“the Act”) to consider include:

- The introduction of a cap of £50 that can be charged for a change to a tenancy unless the landlord can prove that greater costs were incurred.
- A restriction will be placed on having a higher rent for a period of the tenancy and then setting a lower level for the remainder of the tenancy. The aim of this restriction is to prevent landlords from seeking to recover costs via the rent. This will not, however, prevent landlord from setting a higher rent over the whole of the tenancy.
- A cap is to be placed on the level of deposits where the annual rent is below £50,000 per annum to no more than 5 weeks’ rent. Where the annual rent is £50,000 or more, the deposit is to be capped at the amount of 6 weeks’ rent.
- A holding deposit may be held prior to the grant of a tenancy, but must not exceed 1 weeks’ rent.
- Financial penalties of a fine up to £5,000 may be payable for breaches of the Act by landlords and letting agents for the first offence. If it is proved, that a further offence is committed within a period of 5 years of the previous breach, then the financial penalty may be up to £30,000.
- A landlord will be prevented from serving a s.21 Notice to terminate a tenancy until it has returned any prohibited payments to the tenant.

In England, from the 1<sup>st</sup> June this year, landlords and agents must ensure that any renewal tenancies or new tenancies comply with the Act. After one year from the date that this comes into force, pre-existing tenancies will be subject to the provisions of the Act. If after this date, a landlord or letting agent accepts a payment which is no longer permitted, they must return it within 28 days from the day it was accepted or they will be in breach of the Act.

These are just some of the changes faced by landlords and letting agents coming into force. If you are a landlord, care needs to be taken to ensure that you are compliant. For tenants, make sure you are not paying charges you will no longer be legally obliged to pay.

**If you would like more information regarding Assured Shorthold Tenancies and Licences, please contact one of Rooks Rider Solicitor's Dispute Prevention & Resolution team.**



**Matthew Ball**  
Partner  
Head of Dispute Prevention & Resolution  
mball@rooksriders.co.uk  
+44(0)20 7689 7142



**Nicola Stewart**  
Senior Associate  
Dispute Prevention & Resolution  
nstewart@rooksriders.co.uk  
+44 (0)20 7689 7252



**Aaron Heslop**  
Associate  
Dispute Prevention & Resolution and Employment  
aheslop@rooksriders.co.uk  
+44 (0)20 7689 7209



**CREaTe**

Rooks Rider Solicitors LLP

CentralPoint  
45 Beech Street ■ London ■ EC2Y 8AD

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