

Tenancy Deposit Protection... Landlord Guide



What is tenancy deposit protection?

From 6th April 2007 legislation under the Housing Act 2004 (as amended by the Localism Act 2011) means that all new tenancy deposits must be protected by one of three government-authorised providers;

The government wants to make sure tenants' deposits are protected so that

1. Tenants get all or part of their deposit back when they are entitled to it.
2. Any disputes between tenants and landlords or agents will be easier to resolve.
3. Tenants are encouraged to look after the property they are renting.



Moving in

At the beginning of a new tenancy, the tenant pays the deposit to the landlord or agent as usual, who must make sure that it is protected.

There are three providers to choose from:

- There is a single custodial provider, where the money is held by the scheme until the end of the tenancy. This custodial scheme is free to use. The landlord or agent simply puts the deposit into the scheme at the beginning of the tenancy.
- There are two insurance-based providers, whereby the landlord or agent keeps the deposit in a separate bank account, and pays a fee to the scheme to insure against their failure to repay monies due to the tenant.

Your Northwood agent will be able to give you details about which of these providers they will be using.

Within 30 days of taking the deposit, the landlord or agent must provide the tenant with details of how the deposit is being protected, including:

- The contact details of the tenancy deposit provider selected
- The landlord or agent's contact details
- How to apply for the release of the deposit
- Information explaining the purpose of the deposit

What are the tenants' responsibilities

Tenants have a responsibility to return the property in the same condition in which they took it on, allowing for fair wear and tear. When the tenant moves in, a full inventory is done of the property, including details of its condition, and photographs are taken of the property. The tenant will receive a copy of the Northwood Glossary on Fair Wear and Tear. They will be advised of the circumstances in which the landlord or agent could have a claim on the deposit.

What happens if you don't protect the tenants' deposit

The tenant can take legal action against their landlord or agent if the deposit has not been protected within 30 days of the tenant paying it. A court can order the deposit to be either repaid to the tenant in full or for the landlord or agent to protect it. In addition to this, the landlord or agent will be fined up to three times the amount of the deposit.

Moving out

At the end of the tenancy, the condition and contents of the property should be checked against the inventory. The landlord or agent should agree with the tenant, within 10 days of the end of the tenancy, how much of the deposit should be returned. Once this is agreed, the deposit will be returned to the tenant in accordance with the guidelines set out by the provider that protects the deposit.

Resolving Disputes

If no agreement can be reached about how much of the deposit should be returned, there will be a free adjudication service to help resolve disputes. The disputed part of the deposit will be held until the dispute is resolved.