



How to guarantee your rental income ✓

According to a government survey of landlords, approximately 7% needed to evict a tenant, the main reason being rent arrears (58%)\*. When we talk to landlords about their worries and fears about renting, non-payment of rent is one of the biggest anticipated problems. However, if you allow us to rent for you, we can help give you peace of mind, so you will never need to worry again.

You may have read about different ways of guaranteeing your rent, but at Northwood, the way we do it is very different. Our Guaranteed Rent pays even when the property is empty or the tenant fails to pay the rent. Furthermore, legal eviction costs are the responsibility of Northwood. That's why Northwood are the No.1 provider of Guaranteed Rent in the UK.

There are three ways you can typically guarantee rent, but this doesn't mean you will always be paid the money your tenant owes you.

## Rent-to-Rent Guarantees

As an existing landlord, you may be approached by another landlord offering to take over the running of your property, free of charge. They secure tenants, the rent, organise and pay for maintenance, paying you an agreed amount each month. Typically, this relies on your property being turned from a family or professional let into letting rooms.

In Wales a rent-to-rent landlord will need to be licensed and ideally have qualifications, for example, be a member of the Association of Residential Letting Agents. If they conduct the business legally, this can work. However, some landlords offer this because they are new to property and may not have the resources or qualifications and experience to invest themselves.

\*Source: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/775002/EPLS\\_main\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775002/EPLS_main_report.pdf)





If tenants don't pay, or there are big repair bills, they may not be able to pay and could cause you to fall foul of lettings laws for which you are still likely to be responsible for.

With rent to rent, sometimes properties are let which have the wrong lettings agreement, don't have the correct planning permission or licence and can cause you to contravene mortgage terms and conditions. Worse, you may not be paid, and maintenance may not be kept up to date, leaving you out of pocket.

Source: <https://www.londonpropertylicensing.co.uk/advice-landlords-how-not-do-rent-rent>

## Insuring rental payments

Rent guarantee insurance has been available for landlords for some time. You pay an insurance fee and, usually after a period and up to a certain value, if the tenant doesn't pay, the rent is paid by the insurance company directly to you until the tenant is evicted.

This worked well up until Covid-19 with the government changes to eviction notices, and the closing of the courts, leading to many insurance companies not paying lost rent, and their withdrawal of services.

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An additional type of rental insurance is sometimes sold by new build developers, for example offering a guaranteed '7% rental income'. These can be reliable, but first check what happens if the company goes bankrupt.

## The Northwood Guaranteed Rent

Our Guaranteed Rent is not an insurance product, nor is it a 'rent-to-rent' type service. Effectively we become your tenant and agree to pay you a set amount each month. We guarantee the rental income even if the property is empty; the rent will always arrive in your bank account when we have agreed to pay it – no more worrying about late payments or if the tenant doesn't pay\*. There is no set-up fee, nor delay in receiving the rent. Note, though, you will still pay for repairs.

Our scheme covers your court and eviction costs if, on the rare occasion, we have to evict the tenant. If there is damage (over and above wear and tear,) we have additional cover to help put this right within our limitation of 6 weeks rent.

The scheme has survived several recessions and has been managed and refined for over twenty years. We are confident that we can continue to support our clients in future.

## Stress-free, guaranteed income isn't a pipe dream?

Talk to us. Rent guarantee schemes all have their pros and cons. After twenty years of running one of the most successful services in the UK, we think that we are pretty good at delivering a robust service. Do contact us so we can work with you to explore the different options available.

\*Terms and conditions apply

