

[Press release: Government action to end letting agent fees](#)

A new draft bill will be introduced to Parliament today (1 November 2017) to ban letting fees.

The [draft Tenant Fees Bill](#) will set out the government's approach to banning letting fees for tenants, helping millions of renters by bringing an end to costly upfront payments.

Evidence shows the level of fees charged are often not clearly or consistently explained, leaving many tenants unaware of the true costs of renting a property.

This latest action will help improve transparency, affordability and competition in the private rental market. It will also prevent agents from double charging both tenants and landlords for the same services.

Today the government has also launched a [consultation](#) on making membership of client money protection schemes mandatory for letting and managing agents that handle client money.

These schemes ensure greater financial protection for landlords and tenants, giving them complete confidence that their money is safe when it is with their agent and they can be compensated if all or part of their money is not repaid.

Communities Secretary Sajid Javid said:

This government is determined to make sure the housing market works for everyone. Tenants should no longer be hit by surprise fees they may struggle to afford and should only be required to pay their rent alongside a refundable deposit.

We're delivering on our promise to ban letting agent fees, alongside other measures to make renting fairer and increase protection for renters.

As part of wider plans to improve the rental market, government has already introduced measures that crack down on the small minority of rogue landlords that shirk their responsibilities. Earlier this year, the law was changed to allow councils to impose new fines of up to £30,000 as an alternative to prosecution for a range of housing offences.

The draft Tenant Fees Bill, which reflects [responses from a public consultation](#) also published today, will:

- Cap holding deposits at no more than one week's rent and security deposits at no more than 6 weeks' rent. The draft bill also sets out the proposed requirements on landlords and agents to return a holding deposit to a tenant.
- Create a civil offence with a fine of £5,000 for an initial breach of the ban on letting agent fees and creating a criminal offence where a person has been fined or convicted of the same offence within the last 5 years. Civil penalties of up to £30,000 can be issued as an alternative to prosecution.
- Require Trading Standards to enforce the ban and to make provision for tenants to be able to recover unlawfully charged fees.
- Appoint a lead enforcement authority in the lettings sector.
- Amend the [Consumer Rights Act 2015](#) to specify that the letting agent transparency requirements should apply to property portals such as Rightmove and Zoopla.

More than 9 out of 10 tenants who responded to the government consultation backed the action to ban letting agent fees, with 7 out of 10 of them saying these fees affected their ability to move into a new rented property.

Overall more than 4,700 responses to the consultation were received from a range of individuals and representative bodies from across the sector.

The government's [housing white paper](#) sets out measures to build the homes Britain needs now and to give those that rent a fairer deal. It puts tackling the high cost of renting at the heart of its plan to fix the broken housing market.

The new measures set out in the draft bill are now subject to Parliamentary scrutiny before they can be introduced into law.

All proposals relate to England only. The ban on letting fees will apply to assured shorthold tenancies and licences to occupy in the private rented sector.

The consultation on making membership of a Client Money Protection Scheme mandatory for letting and managing agent will help to ensure that all tenants and landlords have the financial protections they deserve.

Client money protection schemes give landlords and tenants confidence that their money is safe when it is with their agent, it also means that when things do go wrong – both tenants and landlords will be compensated if all or part of their money is not repaid.

The [consultation](#) will run for 6 weeks from 1 November 2017.

Read the [government response to the consultation on banning letting agent fees](#).