

Press release: James Brokenshire heralds new law protecting tenants from unfair letting fees

- Tenant Fees Act puts a stop to unnecessary, costly fees imposed on tenants by landlords or letting agents
- New Act bans unfair letting fees and caps tenancy deposits at 5 weeks' rent, with ban on fees to take effect from 1 June 2019
- Measures expected to save renters at least £240 million a year – or up to £70 per household

Tenants will be protected from unfair letting fees and will see their tenancy deposits capped at 5 weeks' rent, putting hard-earned cash back in their pockets, thanks to a new law being ushered in today (12 February 2019).

Unexpected letting fees and high deposits can make properties harder for people to afford and are often not clearly explained upfront – leaving many prospective tenants unaware of the true costs of renting a property.

The [Tenant Fees Bill](#), which has received Royal Assent today and now becomes an Act, puts an end to costly fees imposed by landlords or agents – with the ban on fees to come into effect from 1 June. It is expected to save tenants across England at least £240 million a year, or up to £70 per household.

The Act also caps the security deposits that renters pay at the start of their tenancy at 5 weeks' rent, giving people the assurance that legally they cannot be expected to pay more than this to secure a property.

Communities Secretary Rt Hon James Brokenshire MP said,

Tenants across the country should not be stung by unexpected costs from agents or landlords.

This Act not only delivers on our promise to ban letting fees but also caps deposits at 5 weeks' rent and sets out how and when landlords can charge tenants fees – helping renters keep more of their hard-earned cash.

This is part of our ongoing action to make renting fairer and more transparent and make a housing market that works for everyone.

Under the Act, landlords and agents are only able to recover reasonably incurred costs from tenants and must provide evidence of these costs before they can impose any charges.

This will put a stop to, for example, tenants being charged hundreds of pounds for a damaged item that actually only costs a few pounds to replace – such as £60 to replace smoke alarms.

The Act also ensures that tenants who have been charged unfair fees get their money back quickly by reducing the timeframe during which landlords and agents must pay back any fees that they have unlawfully charged. Taken together, these provisions help reduce the costs that tenants can face at the outset, renewal and termination of a tenancy.

The Act is part of a wider package of government reforms aimed at rebalancing the relationship between tenants and landlords to deliver a fairer, better quality and more affordable private rental market.

We have introduced a range of powers for local authorities to enable them to crack down on the small minority of rogue landlords and agents who let unfit properties. This includes fixed financial penalties of up to £30,000 and banning orders – possibly for life – for the most serious offenders.

Ministers have also extended mandatory licensing for Houses in Multiple Occupation to improve living conditions of tenants in shared homes and tightened up rules on smoke and carbon monoxide detectors. Private tenants can also apply for a refund of up to 12 months' rent if their landlord does not deal with health and safety hazards in their home.

Other government steps to reform and improve renting include:

- a national database of rogue landlords and agents to keep track of those that have been banned from letting
- a comprehensive review of the rating system used by local authorities to assess the presence of serious risks to the health and safety of tenants
- mandatory client money protection – by which rental money held by letting agents is safeguarded against theft and fraud – for all agents
- a mandatory redress scheme for landlords
- an independent regulator to oversee letting agents, setting standards and maintaining minimum qualifications
- new, mandatory 5-yearly electrical installation safety inspections

- considering the case for a specialist housing court to provide greater access to justice for landlords and tenants in property disputes

These measures are all part of ongoing government action to protect tenants and drive up standards in the private rented sector – helping make a housing market that is fairer and works for everyone.

The Tenant Fees Bill has now received Royal Assent. From 1 June the Act will improve security for tenants, including:

- capping security deposits at no more than 5 weeks' rent and holding deposits at no more than 1 week's rent. It also sets out the proposed requirements on landlords and agents for returning a holding deposit to a tenant
- capping the amount that can be charged for a change to a tenancy at £50 unless the landlord demonstrates that greater costs were incurred
- creating a financial penalty with a fine of £5,000 for an initial breach of the ban with a criminal offence where a person has been fined or convicted of the same offence within the last 5 years. Financial penalties of up to £30,000 can be issued as an alternative to prosecution
- requiring Trading Standards to enforce the ban and to make provision for tenants to be able to recover unlawfully charged fees via the First-tier Tribunal
- preventing landlords from recovering possession of their property via the section 21 Housing Act 1988 procedure until they have repaid any unlawfully charged fees
- enabling the appointment of a lead enforcement authority in the lettings sector
- amending the Consumer Rights Act 2015 to specify that the letting agent transparency requirements should apply to online property portals such as Rightmove and Zoopla
- enabling local authorities to retain the money raised through financial penalties with this money reserved for future local housing enforcement