

Press release: New crackdown on rogue agents to protect renters and leasehold homeowners

- Independent regulator and code of practice for letting and managing agents
- Easier way to help leaseholders challenge unfair fees and service charges
- Possible prosecution for those who severely breach the code

Almost 9 million households in England's private rented and leasehold sectors will benefit from stronger protections against rogue letting and managing agents thanks to new government proposals announced today (1 April 2018).

With thousands of renters and leaseholders suffering at the hands of rogue agents every day from unexpected costs, deliberately vague bills or poor quality repairs, a new mandatory code of practice is proposed to stop managing and letting agents from flouting the law.

To further professionalise both sectors, letting and managing agents will be required to obtain a nationally recognised qualification to practice, with at least 1 person in every organisation required to have a higher qualification.

A new independent regulator responsible for working practices of agents will be given strong powers of enforcement for those who break the rules – and agents who fail to comply will not be permitted to trade. Criminal sanctions could also be brought in for those who severely breach the code.

Housing Minister Heather Wheeler said:

Most property agents take a thorough and professional approach when carrying out their business, but sadly some do not.

By introducing new standards for the sector, we will clamp down on the small minority of agents who abuse the system so we can better protect tenants and leaseholders who find themselves at the end of a raw deal.

Other proposals to be brought in under the code include:

- a new system to help leaseholders challenge unfair fees including service charges
- support for leaseholders to switch their managing agents where they perform poorly or break the terms of their contract
- a requirement for all letting and managing agents to undertake continuing professional development and training

The new code will be developed by a working group comprising representatives of letting, managing and estate agents, as well as tenants and regulation experts. The group will be established as soon as possible and is expected to draw up the final proposals in early 2019.

The group will also look in greater depth at unfair additional charges for freehold and leaseholders and whether they should be capped or banned. This includes the use of restrictive covenants, leasehold restrictions and administration charges.

The government has also published its response to its consultation on the introduction of mandatory Client Money Protection schemes for letting agents, with legislation to be brought forward to introduce privately-led schemes and civil penalties of up to £30,000 for agents who fail to comply with the scheme.

According to industry estimates, £2.7 billion in client funds is held by letting agents at any one time. Making this scheme mandatory is vital to ensure every agent is offering the same level of protection, giving tenants and landlords the financial protection that they deserve, and will mean they are reimbursed if their letting agent is fraudulent or goes bankrupt.

The Secretary of State announced his intention to regulate letting agents in October 2017 followed by a 6-week [call for evidence](#) to which the Ministry of Housing, Communities and Local Government has responded to today.

Government announced its intention in March 2017 to make members of an approved Client Money Protection scheme mandatory.

The consultation closed on 13 December 2017 and received [117 responses](#) from a range of stakeholders.

Secondary legislation on Client Money Protection will be laid in Parliament in due course.

Membership of a Client Money Protection scheme is currently voluntary with approximately 60% of agents signed up.