



WHAT LANDLORDS AND AGENTS NEED TO KNOW ABOUT THE TENANT FEES ACT 2019

What does it apply to?

- Assured Shorthold Tenancies
- Student accommodation
- Licences to occupy housing in the private rented sector
- Assured Tenancies

What are the rules?

- For all new tenancies, student lets or licences created on or after 1 June 2019 you cannot charge any fees or payments other than those that are permitted.
- If the Tenancy agreement was entered in to before 1 June 2019 then you can continue to charge the fees provided for under your agreement until 31 May 2020.

Fees that are allowed

- **Rent** – This should be regular and at specified intervals and equally divided throughout the tenancy.
- **A refundable deposit** – maximum seven weeks if annual rent is less than £50,000 or six weeks if annual rent is more than £50,000.
- **A refundable holding deposit** of up to one week's rent for one property at any one time. You are not permitted to accept a holding deposit from more than one potential tenant at a time.
- **Default Fees** – This includes fees for late payment of rent (more than 14 days overdue) which is no more than 3% above the Bank of England's APR for each day and reasonable costs for the replacement of lost keys/security devices.

- **Damages for a breach of contract** – You are entitled to be put back in the position you would have been had the tenant carried out its obligations under the agreement. However, any claims for damages must be based on the evidence and you must show that these costs have been incurred or an actual loss suffered, and that it is not a penalty/compensation claim for failing to perform the obligations.
- **Amending the Tenancy Agreement** – You can charge no more than £50 for your costs for amending the tenancy agreements at the tenant's request. If you incur costs that are more than £50 then you need to provide evidence that these costs are reasonable. Remember, a renewal of the tenancy is not considered "amending the tenancy" and you would not be able to charge for a renewal under the Act.
- **Early Termination** – You can charge the tenant an early termination fee if they terminate the tenancy before the agreed term. You can only charge the tenant for the actual loss suffered by the landlord as a result of the termination or reasonable costs incurred in arranging the tenant to leave early.
- **Utilities, council tax and communication services** – Tenants will still have to pay their utilities so make sure you include these in your agreements. Do not over charge the tenants for these facilities as there is associated consumer protection legislation in place which prohibits you from over charging.

Prohibited fees under the Act

- Viewing fees
- Referencing fees
- Credit checks
- Guarantors fees
- Administration fees
- Renewal fees
- Inventory check
- Tenancy check out fees
- Professional cleaning fees at check out. Note: you could include a tenant's obligation to have the property professionally cleaned at the end of the tenancy and if the tenant fails to do so you could recover the sums against the deposit.
- Gardening services (unless included as part of the rent)
- Chimney sweeping services
- You can't charge a tenant through a third party i.e. fees of a referencing check company

What are the consequences of failing to comply

- **Enforcement** – The Trading Standards and local authorities have the duty to enforce the prohibited payments under the Act. The tenants can also make an application to the First Tier Tribunal to recover unlawful fees.
- **Banning Order Offence** – Please note an offence under the Act constitutes a banning order offence under the Housing and Planning Act 2016. If you are convicted, the local authority may apply for a banning order against you which means you will be debarred from letting and/or acting as a letting agent and/or property manager in England and Wales for at least a year.
- **Section 21 Notice** – You will not be able to serve a valid section 21 notice until any unlawful fees have been repaid to the tenant.
- **Financial penalties** – A breach of the legislation will usually be a civil offence with a penalty of up to £5,000. If you commit a further breach then this will result in a criminal offence with an unlimited fine.
- **Repayment** – The tenant is entitled to be repaid any unlawful charge
- **Database of Rogue Landlords** – If you receive two or more penalties within 12 months the local housing authority may add your details to the Rogue Landlord database.



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