

# The Tenancy Deposit Scheme

John Socha

Vice Chairman

National Landlords Association

# What am I going to talk about?



- Who I am
- Tenancy Deposit Scheme
- Questions



# Who am I?



- Landlord of 21 properties
- Vice Chairman NLA
- 12,100 members Nationwide
- ARLA agent
- Manage 463 apartments over 33 blocks



# Our Mission



- To protect & promote the private residential landlord



# NLA Objectives



- Influencing public policy for the PRS
- Providing information and benefits for members
- Raising standards in the PRS



# Current Issues



- Secondary legislation arising from the Housing Act 2004
- Energy Efficiency Certificates (Oct 2008)
- Possession
- Taxation of Rents
- Tenancy Deposit Scheme (TDS)



# Membership Costs



- First year £88
- Renewal £70
  
- Join for 3 years £175 (saving £53)
- Join for 5 years £275 (saving £93)



# Tenancy Deposit Scheme



Started

6 April 2007

Mandatory

All deposits taken on ASTs from that date

Not retrospective

Does not cover Assured Tenancies



# Your Options



1. Take no deposit
2. Custodial Scheme
3. Use a letting agent (ARLA NAEA RICS)
4. Insure through

Tenancy Deposit Solutions

(Joint Venture between HFIS & NLA)



# No Deposit



- There is no obligation to take one
- Note
- A tenancy bond
- where no monies are paid across
  - no need for membership



# No Deposit – Insurance



Offer of an insurance policy to cover damage

Fees: £125 for 1 tenant

£160.35 for 2

Take no deposit

No need to register



# No Deposit – Insurance



1. Paying for referencing of tenants
2. Only good risks will pass
3. Insurance works on the principal

“Losses of the few shared among the many”

What incentive has a tenant to leave the property clean and undamaged?

4. If claims are high who is going to pay out?
5. Prove your claim to an insurance company!



# Custodial



The Custodian (Computershare)

HOLDS THE DEPOSIT

Confirms to the tenant

Confirms to the landlord

Termination of tenancy

Once the landlord agrees to release the deposit

Sends the deposit to the tenant's new address

In the event of a dispute – evidence



# Custodial



If it all goes wrong –

Damage – evidence

Rent arrears – tell the custodian - evidence

Absconding –

wait at least 28 days – evidence

LOSS OF CONTROL



# Using a Letting Agent



- Scheme run by the professional bodies
- ARLA / NAEA / RICS
- Agent holds the deposit
- Agent is bonded against collapse



# Using a Letting Agent



- The deposit & the interest – to agent
- Checkout is the landlord's problem
- Some loss of flexibility



# Insured Option



Tenancy Deposit Solutions Ltd

Joint venture

HFIS plc (FSA regulated broker)

National Landlords Association

Ultimate Insurer AXA

Annual membership & cost per deposit



# Insured Option – Landlord



NLA Members  
£47.00 first year

Non Members  
£58.75 first year

NATIONAL  
LANDLORDS  
ASSOCIATION

Protection fee per deposit  
£26.00 (first 4)  
£30.00 for any additional

£30.00

Annual Renewal of membership  
£14.70

£14.70

All fees include VAT



# Insured Option - Letting Agents



NATIONAL  
LANDLORDS  
ASSOCIATION

ARLA NAEA RICS  
NALS UKALS Members  
£100.00 first year

Unregulated Agents  
£150.00 first year

Protection fee per deposit  
£20.00

£30.00

Annual Renewal of membership  
£50.00

£75.00

All fees exclude VAT



NATIONAL  
LANDLORDS  
ASSOCIATION

# Insured Option



1. Protection last for the lifetime of the tenancy
2. Control is kept by the landlord
3. Interest goes to the landlord
4. Landlord does the checkout
5. Quickest repayment of the deposit



# Disputes



Both schemes have ADR

Alternative Dispute Resolution

1. The amount in dispute passes to the scheme until there is a resolution
2. Undisputed monies must be returned to the tenant
3. Evidence will be crucial



# Penalties



- Tenant must take the landlord to County Court
- Automatic fine 3 times the deposit plus legal costs
- The fine is paid to the tenant
- Not able to use section 21 to evict tenant
- Must place deposit in the custodial scheme



# Changes to our working practices



- 1. Inventories
  - Digital Photos
  - Video Camera
  - 35mm photographs
  - Written



# Changes to our working practices



- 2. Clear statement of costs (DIY landlords)
  - Quotations or a list of charges (Tariff)
  - Fees MUST be reasonable
  - with the Tenancy Agreement
- Cleaning:
  - Cooker oven           £25
  - Cooker hob            £15
  - Refrigerator           £10
- Bathroom
  - Bath                    £10
  - WC                     £15



# Changes to our working practices



- 3. Charging the tenant  
The cost of the protection fee
- Allowable expense for tax purposes
- Tax neutral if recharged



# Unforeseen Benefit



NATIONAL  
LANDLORDS  
ASSOCIATION

- Joint & Several tenancies have a lead tenant
- This means that you deal with one person alone
- This applies to the custodial as well as the insured option
- No more irate calls from dad, mum, auntie, uncle & grandpa or the other tenants



- Thank you for your attention

# Questions?



NATIONAL  
LANDLORDS  
ASSOCIATION

National Landlords Association

3<sup>rd</sup> Floor 22 – 26 Albert Embankment

London SE1 7TJ

020 7840 8900

[www.landlords.org.uk](http://www.landlords.org.uk)

[www.mydeposits.co.uk](http://www.mydeposits.co.uk)

08717 030 552



Tenancy Deposit Solutions Limited (TDSL) is an Appointed Representative of HFIS plc who are authorised and regulated by the Financial Services Authority