



# Regulation of Letting Agents

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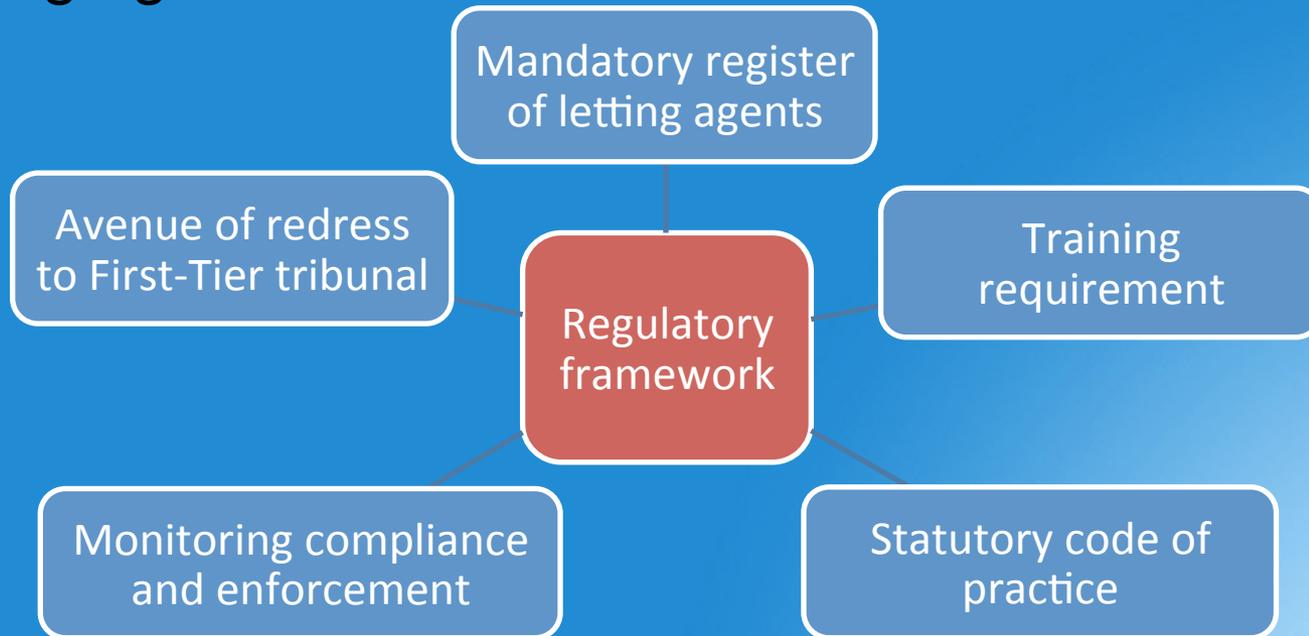
# Letting Agents – Why regulate?

- Evidence from stakeholders and correspondence of continued poor practice amongst some.
- Broad support from within the industry for regulation to tackle those agents undermining the professional standards and reputation of the industry as a whole.
- Letting agents provide a key mechanism for helping landlords meet their regulatory responsibilities, as well as enabling effective management and maintenance of privately-rented properties.



# Regulation of Letting Agents- Overview

- Part 4 of the Housing (Scotland) Act 2014 introduces provisions for a comprehensive regulatory framework for letting agents.



# Definition of Letting Agency Work

For the purposes of this Part, “letting agency work” means things done by a person in the course of that person’s business in response to relevant instructions which are—

- (a) carried out with a view to a landlord who is a relevant person entering into, or seeking to enter into a lease or occupancy arrangement by virtue of which an unconnected person may use the landlord’s house as a dwelling, or
- (b) for the purpose of managing a house (including in particular collecting rent, inspecting the house and making arrangements for the repair, maintenance, improvement or insurance of the house) which is, or is to be, subject to a lease or arrangement mentioned in paragraph (a).



# Register of Letting Agents



- Applicants must be assessed as being a ‘fit and proper person’.
- The register must be publically available.
- Registered agents required to display registration number.
- Criminal offence to operate without registration.
- Those who do not register will be liable on conviction to be imprisoned (for up to 6 months), fined (up to £50,000), or both.
- Registration will be for 3 years. If there are any problems with a letting agent during that time, Ministers or the First Tier Tribunal can consider breaches at any time.



# Training Requirements

- To be accepted on to the register, applicants must also have met specific training requirements set out by Scottish Ministers.
- These can set out:
  - the matters on which training must have been undertaken,
  - the persons who must have undertaken the training,
  - qualifications which must be held by the applicant or other persons,
  - the period within which the training must have taken place.





# Statutory Code of Practice

- The Code will set out the standards all letting agents will be expected to meet.
- It will also include requirements in relation to the handling of client money and professional indemnity.
- The draft Code will be subject to a public consultation later this year.
- The Act requires the first Code to be laid before the Scottish Parliament within 18 months of Royal Assent.



# New way for resolving complaints

- Where a letting agents breaches the Code, landlords and tenants will be able to seek redress through the new First Tier Tribunal (FTT).
- The FTT will be able to issue enforcement orders.
- Breaches of the code can be taken into account by Ministers in determining or renewing registration.
- Letting agents have means of redress to the FTT where Ministers decide to refuse, revoke or remove registration.



# Monitoring Compliance and Enforcement

- Powers under the Act to obtain information and of inspection.
- Where necessary, inspections may be unannounced.
- Criminal offence to fail to provide information; provide false or misleading information; and to intentionally obstruct a person undertaking an inspection. Those convicted of doing so will be subject to a fine of up to £1000.



# Implementation



- Work is underway to draft the Code of Practice; to formulate the training requirements and early preparations for the establishment of the Register (e.g. IT system requirements) are underway.
- Working with industry representatives on implementation.
- Overall, we anticipate all the provisions being in place during 2016.





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