

Everyone should have a home

# Tenancy Deposits

Mark Holroyd

Policy Officer

Shelter

## **What is Tenancy Deposit Protection?**

- Private Sector
- Purpose of deposit
- Regulation of deposit

## **Why is Tenancy Deposit Protection needed?**

For tenants

- Problems getting money back
- Potential for hardship and homelessness
- Current system to get back money doesn't work

## **Why is Tenancy Deposit Protection needed?**

For landlords

- Tenants withhold last month's rent
- Some have caused damage
- Increased professionalism, transparency and confidence in sector

## Scale of the problem

- Data is scarce
- Citizens Advice and Shelter (1998)
  - 48% clients had deposit withheld in 5 years
- Scottish Executive estimate (2006)
  - £1 million withheld annually

## **Purpose of Tenancy Deposit Protection**

- Protect Tenants
- Protect Landlords
- Fair and speedy distribution of deposit at end of tenancy

## **What does the Housing Act 2006 say?**

- Ministers have powers to introduce scheme
- Doesn't stipulate type of scheme
- Consultation Process
- Approval of Scheme
- Review

## **What options are on the table?**

- Good practice guidelines and monitor situation
- Insurance based scheme
- Custodial scheme
- Mix of above

Voluntary or Mandatory, Local or National

Research needed to inform decision



## **Good Practice guidelines and monitor situation**

- Practice captured and informs sector
- Monitor
  - Landlord registration
  - England and Wales
- Good practice continues without regulation
- Most vulnerable tenants not protected

## **Insurance scheme**

- Landlord pays premium
- No dispute, no intervention
- If dispute, resolution decides where money goes

## **Custodial scheme**

- Deposit goes to third party
- Distribution agreed by landlord and tenant
- If dispute, resolution decides where money goes
- Interest from deposits helps pay for scheme admin

## **Dispute resolution**

- Small claims court
- Independent board for deposits
  - Mediation
  - Arbitration
  - Tribunal

## **Plan from here**

- Informal working group
- Wider consultation
- Approval by ministers
- Implemented by mid 2008

## Questions

What is the scale of the problem?

- Deposit unjustifiably held
- Tenant withholding last month's rent

What sort of scheme would work best?

How do Tenancy deposits fit with?

- Landlord registration
- Accreditation
- 2012 homelessness target