

Letting Agents Fees Banned

In the Autumn Statement, the Government has announced its plans to ban Letting Agents from charging up-front administrative fees to tenants, which are often charged for obtaining references, preparing agreements and agreeing any changes to those agreements.

Cathy Sandbach, a Litigation specialist at leading and award-winning regional law firm Pictons says “It is likely that tenants in England will welcome this news – when put together with a deposit, tenants frequently have to find a significant sum of money before they can even get a tenancy agreement in place – which can also be difficult if they are still waiting on their deposit being released from a previous tenancy following a checkout appointment.

“However, it is likely that these administration costs will be passed onto landlords instead, who will also need to take into account any percentage charge on rent collected into consideration. This may factor in an increased level of competition in the letting agent market, with letting agents needing to consider how they can best survive and run a profitable business.

“There have been a number of increased costs for landlords recently – with increased taxes applicable to buy to let properties – so in some cases landlords who need to use letting agents may find that they have to increase the rent to ensure that they cover their costs. After all, landlords usually want to make a profit as well – landlords will continue to need to factor in the possibility of court (and legal) costs in the event that they have problems with a tenant, or if a possession order is needed for any reason and will want to continue letting agents to manage their properties, and still provide services like checking tenant references, as well as ensuring that deposits are adequately protected, so that the landlord’s own risk in letting out the property is reduced”