

Generation Rent and the Tenant Fees Bill

A number over people this week have contacted me about the Tenant Fees Bill.

Like Generation Rent I believe this Bill, which will abolish letting agent fees for renters, cap tenancy deposits, and save tenants between £25 and £70 per year, is "welcome news for private renters". On the particular issue of default fees, while I can understand your concerns, please allow me to assure you that these concerns are unfounded.

Default fees are payments required from tenants in the event of a default by the tenant, for example, a late payment or a lost key. While the Bill protects the rights of landlords and agents to charge default fees, it is also clear that these fees must not exceed the loss suffered by the landlord as a result of the default.

Where a landlord or agent charges a default fee in excess of the loss suffered by that default, local authorities will be able to subject them to a fine of up to £5,000. Repeated breaches of this protection for renters will be considered a criminal offence, with penalties including even higher fines and a ban from acting as a landlord or agent for at least one year.

That said I do agree with the cross-party Select Committee, which provided pre-legislative scrutiny for the Bill, that clear guidance needs to be provided on what type of fee, and how much, constitutes a reasonable default fee. As such I am pleased that the Government has committed to producing guidance regarding the legislation, including on what constitutes a reasonable default fee. The Government already improved standards by setting out the Tenancy Deposit Scheme and allowing tenants to challenge their landlords when deposits are withheld, now we seek to strengthen rights for renters even further.

I am confident that the Bill will make renting fairer and more affordable for tenants by reducing the costs at the outset of a tenancy, as well as improving transparency and competition in the private rental market. Thank you again for taking the time to contact me.