



## THE RENTERS RIGHTS BILL: PREPARING FOR CHANGE

# Key action points for Letting Agents

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# The Renters Rights Bill: Preparing for Change

Letting agents play a crucial role in navigating legislative changes, and the upcoming Renters Rights Bill is no exception. The industry is set to undergo significant shifts, and those who prepare now will be best placed to protect their businesses, support their landlords, and maintain compliance.

## Why Is the Renters Rights Bill Happening?

At a recent LandlordLaw conference, Justin Bates KC outlined the rationale behind the bill, making it clear that it is not an anti-landlord measure but one aimed at strengthening tenants' security in their homes and reducing the drain on the public purse.

### The key drivers include:

- **Lack of security for tenants:** The Assured Shorthold Tenancy framework has meant that tenants can be evicted with little notice via Section 21, leading to increased pressure on local authorities. In 2023, councils spent over £1 billion on temporary housing.
- **Housing shortages and affordability:** Rising rents continue to outpace inflation, while housing benefits to be frozen again this April, pushing more tenants into rent arrears due to the increasing gap between LHA and market rents.
- **Poor housing conditions:** The decline in quality across both social and private rental sectors is costing the NHS an estimated £340 million annually due to health issues linked to substandard housing.
- **Ineffective legislation:** Measures such as the Deregulation Act failed to curb retaliatory evictions, and a lack of new social housing development has left many renters vulnerable.

## How Does This Impact Letting Agents?

Landlords are understandably concerned about the changes, but they still retain rights — some of which will be more structured than under previous legislation. Letting agents will need to adapt, ensuring both they and their landlords are compliant with the evolving legal landscape.

### The key priorities for agents should include:

- **Process review:** Ensuring tenancy agreements, tenant selection, and rent arrears procedures are up to date.
- **Landlord education:** Proactively guiding landlords on their obligations to mitigate risks and maintain tenancies successfully.
- **Risk management:** Implementing systems to track compliance and prevent potential penalties.
- **Tenant relations:** Encouraging responsible rent increases and fostering open communication to reduce disputes and arrears.

As a compliance Consultant I see too frequently Letting agencies not reaching their true value because of non-compliance or being unable to sell their businesses. To help agents to be prepared for the oncoming challenges of the Renters Rights Bill I have written this e-Book setting out the Key Action Points which are likely to affect your business.



Letting Agents		
Situation	What you could do	Potential Penalty
1. Who actually owns the rental property?	<p>Don't rely on what the 'landlord' wrote on your agency terms and conditions.</p> <p>1.Complete full due diligence on 'who' actually owns the property. Special diligence is required where it is a company or a trust which owns the property.</p> <p>2. Get a signed authority from all beneficiaries giving the 'landlord' authority to act on their behalf.</p>	£7000 fine for incorrect information on the PRS Database.
2. Deposit registration and service of Prescribed Information	<p>Won't stop a s.8 claim for possession but you still need to register the deposit within 30 days of receiving it in full or in part.</p>	Still relevant and breach can still lead to penalty of 3 X deposit.
3.No more rent in advance (except 1st month)	<p>A rent guarantor product could be taken out by the tenant to secure their ability to pay the rent.</p> <p>But – you cannot encourage Tenants to do so as this is a breach of Tenant Fee Act(TFA). You cannot have a clause in the tenancy agreement forcing them to continue to renew it as again this would be a breach of TFA.</p>	£5000 breach reaching to £30,000 for subsequent breaches.
4.Rent arrears- 3 months' rent arrears plus 4 weeks' notice means tenants will be 4 months in rent arrears before a court hearing at least!	<p>Encourage all landlords to have rent guarantees and legal expenses insurance.</p> <p>Have a rent arrears policy in place. Take early steps to reach out to the tenants by calling them to see what is going on, how you/LL can help them for example with temporary reduced rent for a period with additional sum paid over a period of time. Better to have some payment albeit later than none at all for months!</p> <p>Continuous rental payments mean your commission is paid. Depending on your Agency Terms and Conditions with your landlords you could still take your full commission.</p> <p>Check if your tenant is entitled to receive help:Benefits, charities and grants.</p>	<p>Arrears claims in court take months. No commission payments to you, additional work and unhappy landlords who could withdraw the property from you or the rental market.</p> <p>Eviction: average 6 months Compared to getting funding support 2 – 3 months Use: www.Gothardrowe.com or train in house personnel to search for financial help for tenants.</p>

<p>5. <b>Rent increases</b> – Likely to slow down due to waiting period at the First-tier tribunal for a decision. Likely to be artificially inflated rents being advertised initially once RRB comes into force to include a rental element for ‘pets’ and to receive the highest rental market price as only the rent advertised can be asked for.</p>	<p>Start operating s.13 increases now. Set your process and procedure now to ensure staff are prepared, be able to ‘evidence’ current market rents, landlords get the current proper ‘market rent’ which is currently being paid. Especially concentrate on landlords who have not increased their rent for a long time.</p>	<p>Low rents = low commissions, failure to review and increase incrementally threatens tenants ability to maintain rent if too high an increase. The higher the increase the more likely a challenge at the First Tier Tribunal</p>
<p>6. <b>During tenancy changes:</b> Without a fixed term ending there will be no opportunity for landlords to renew their tenancy agreement terms with their tenants, save for allowing a pet in the property/change of sharer etc.</p>	<p>Some landlords/ Agents don’t update their tenancy agreements for years which could leave landlords exposed when the tenant can stay there for ‘life’, until the landlord can rely on a specified ground.</p> <p>Even a new TA for 1 month now then continue to roll on will help landlords keep their property secured with the latest updates to the tenancy agreement and compliant with current laws.</p>	<p>Landlords could claim the Agent is negligent if the Terms of Tenancy agreement are not up to date and best serving their interests.</p>
<p>7. <b>Written statement of terms</b> to current tenants when RRB comes into force.</p> <p>The Agent is as responsible as the landlord</p>	<p>S. 14 Inserted Section 16 D (7) “Where a landlord has entered into a contract with a person which requires that person to ensure compliance with this section (whether or not this section is referred to individually), subsection (2) also applies to that person, as it applies to the landlord.”</p>	<p>Financial penalty of £7000.</p>

<p><b>8. Restrictions on marketing a property if Grounds 1 or 1A have previously been used.</b></p> <p>Taking instructions from a landlord. Where the property was previously rented full written instructions will need to be taken from the owners of the property to ensure there are no restrictions from reletting.</p>	<p>Agents will be liable to penalty, just as the landlord is, if the property is ‘marketed’ or ‘someone is advised the property is available’ to let out after Ground 1 or 1A are used and it is still within the restricted period of 12 months.</p> <p>Always take written and signed instructions from a landlord as to how the previous rental period ended.</p> <p>Checks to the PRS Database for the last tenancy and rental amount.</p> <p>Undertake your own Due Diligence for confirmation of any statement by the landlord.</p> <p>Perhaps contact with the previous tenant confirming the date they vacated the property and the circumstances in doing so.</p> <p>s. 15 (3) “inserting new clause 16E” requires Agents not to relet within the restricted period of 12 months</p>	<p>Financial penalty of £7000 and up to £40,000. If the prohibited act continues it is also a criminal offence. Agents may have a defence if they can show that they took all reasonable steps to avoid contravening section 16E</p>
<p><b>9. No discrimination of protected characteristics in relation to benefit claimants or having children.</b></p>	<p>Ensure your policies and processes are in place to avoid discrimination of all kinds and particularly to those on benefits or having children. Take care to have written policies and forms documenting why prospective tenants have been accepted or rejected to show a balanced non-discriminatory policy has been applied.</p> <p>Ensuring landlords are given all relevant information to make an informed decision on which tenants to offer to rent, (In accordance with TPO rules) subject to GDPR requirements) A landlord registered with ICO is entitled to see referencing material on their prospective tenants.</p> <p>Be sure that automated tenant applications whether by AI or otherwise are not biased and remain non discriminatory.</p>	<p>If a local housing authority is satisfied on the <b>balance of probabilities</b> that a letting agent has breached the requirements of section 35 or 36, they may impose a financial penalty</p> <ul style="list-style-type: none"><li>•</li></ul> <p>The amount of the financial penalty is determined by the local authority, but it must not be more than £7,000 . If a letting agent has been subject to a previous financial penalty for breaching the same anti-discrimination provisions within the last five years, the local housing authority may impose an additional financial penalty</p> <p>Note this applies to “in relation to a dwelling that is to be let on an agreement which may give rise to a relevant tenancy”</p>

<p><b>10. Advertising</b></p> <p>a. UPRN Unique Property Reference Number must be added to all written advertising</p> <p>b. Active landlord entry and Active dwelling entry on the PRS Database</p> <p>c. Entries to the Database are complete.</p>	<p>Keep evidence of all checks made on the PRS Database, information provided to you by the LL, ensure the information is verified by you with evidence from your own due diligence.</p> <p>Section 83(1) concerning providing information to the database implies that this duty would extend to those involved in the letting process, including letting agents acting on behalf of landlords, as they are likely to be the ones handling the provision of such information.</p>	<p>If a local housing authority is <b>satisfied beyond reasonable doubt</b> that a "relevant person" (which includes letting agents acting for landlords in this context) has breached a requirement imposed by section 83(1), (2), or (3), they may impose a financial penalty under section 92(1)(a) of £7000.</p> <p>It is a Criminal offence leading to a fine if "knowingly or recklessly" provides information to the database which is false or misleading.</p>
<p><b>11. Private Rental sector Database – Portal</b></p> <p>Will you register your landlord's property?</p>	<p>If you do, make sure your Professional indemnity insurance covers you and you have completed your own due diligence as per points 1 and 10 above.</p>	<p>Get it wrong and there is a penalty of £7000 to £40,000</p>

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