



Renting Homes (Fees etc.) (Wales) Act 2019 – A Guide for Landlords

Letting agents deliver a hugely valuable service. Agents who display the ARLA Propertymark Protected logo are up to date with the latest legal changes. They ensure that tenants living in your property are safe and the tenancy is legally compliant and professionally managed.

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WHAT IS CHANGING?

The Renting Homes (Fees etc.) (Wales) Act came into force on 1 September 2019. It sets out rules to ban letting agents and landlords from charging fees to tenants in Wales. The ban will apply to tenancy agreements signed on or after 1 September 2019.

IMPACT ON TENANTS

Although renters will experience reduced up-front fees, many will experience increased rents. ARLA Propertymark commissioned independent research which found that each tenant is likely to pay an additional £103 per annum.

IMPACT ON LETTING AGENTS

Letting agents have always performed a dual role, representing the interests of landlords but also supporting the needs of tenants. All the core functions involved in managing properties, complying with legislation and safeguarding tenancies need to be continued. Agents will be engaging with landlords to discuss management fees, rent levels and their business costs.

WHAT PAYMENTS ARE ALLOWED?

The only payments that tenants can be charged are those expressly permitted under the Renting Homes (Fees etc.) (Wales) Act 2019, all other charges are prohibited. The Act prevents landlords and their agents from requiring tenants to make any payment as a condition of granting, renewing, continuing or ending a tenancy apart from:

- Rent
 - Security Deposit
 - Holding Deposit
 - Payment in the event of a default
 - Council Tax
 - Utilities (electricity, gas or other fuel, water, sewerage and Green Deal)
 - Television licence
 - Communication services
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RENT

Increases or reductions of rent are allowed but landlords cannot offset the loss of fees by charging a higher rent in any one rental period compared to any other period in the tenancy.

WHAT PAYMENTS AREN'T ALLOWED?

Tenants cannot be asked to pay any fees apart from the Permitted Payments specified. Your agent is NOT allowed to charge a tenant for any of the following:

- Referencing (for a tenancy in your property or an onward reference)
- Any application fees
- Any set up costs for a tenancy
- Any fees for contract negotiation
- Any fees for inventory checks



TENANCY TYPES AND THE BAN

The fee ban applies to Assured Tenancies, this includes Assured Shorthold Tenancies (ASTs), that are entered into (signed) on or after 1 September 2019.

HOLDING DEPOSIT

A landlord or agent can take a refundable Holding Deposit from a tenant to reserve a property, but this cannot exceed one week's rent. Agents must provide prospective tenants with a set of specified information in writing before a holding deposit can be taken. Agents can only accept one Holding Deposit per property.

SECURITY DEPOSIT

Money held by the landlord (or agent acting on the landlord's behalf) as security during the period of the tenancy and reserved for any damages or defaults by the tenant.

PAYMENTS IN THE EVENT OF A DEFAULT

A payment in default is a payment required by the landlord or agent arising from a breach of the tenancy agreement by the tenant, whether late payment of rent by its due date or some other breach.

A payment in default can only be charged if this is outlined clearly in the tenancy agreement. Any charge for a payment in default which was not set out in the tenancy agreement is a Prohibited Payment.

PRESCRIBED LIMITS

Where a default arises from late payment of rent, or where in order to secure access to their property a landlord has been required to add, remove, or change keys, locks or another security device, there is a prescribed limit for as to how much the tenant can be charged.

The prescribed limits do not affect defaults arising from other breaches by the tenant of a term in the contract.

UTILITIES

Government guidance imposes strict criteria on reimbursement for utility services and landlords are not permitted to overcharge for energy, water or communications services. If tenants pay the utility bills directly, they must be allowed to choose the supplier themselves.

PENALTIES

If a tenant is charged a Prohibited Payment, it must be fully refunded immediately. If it is not repaid in full, the agent or landlord will receive a £1,000 Fixed Penalty Notice for every breach.

RENT SMART WALES

Successive breaches may result in landlords and letting agents having their Rent Smart Wales licence removed, ultimately meaning that they will not be able operate in Wales.



To find out more, get advice from your ARLA Propertymark agent.



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