



Tenancy Deposit Protection in England & Wales

a digest of statistics
to March 2015

Steve Harriott, Chief Executive
September 2015

About the Author

Steve Harriott is the Chief Executive of The Dispute Service Ltd. The Dispute Service is a not for profit company limited by guarantee which:

- Operates the Tenancy Deposit Scheme in England and Wales;
- Runs TDS Northern Ireland (as a wholly owned subsidiary);
- Provides finance, IT and dispute resolution services to SafeDeposits Scotland.

He is a member of The Dispute Service Board, the TDS Northern Ireland Board, and a Board member of SafeDeposits Scotland. He is a Trustee of the TDS Charitable Foundation, which is a grant giving charity promoting education in the rights and responsibilities of tenants and landlords.



Steve Harriott,
Chief Executive



INVESTORS
IN PEOPLE



Introduction

The tenancy deposit protection legislation was introduced in April 2007 in England and Wales as a result of the 2004 Housing Act.

This digest contains key statistics on deposit protection issues to the 31 March 2015 and will be updated on a regular basis. It has been written for members of the Tenancy Deposit Scheme and other stakeholders interested in how the tenancy deposit protection legislation has operated since its introduction on April 2007. Some of the data included is DCLG data released under the Freedom of Information Act. Some data is related to the Tenancy Deposit Scheme's own internal performance reporting.

Key statistics: March 2015

Figures include all tenancy deposit protection schemes in England and Wales and are accurate as of 31 March 2015.



3.07 million

Deposits registered in a tenancy deposit protection scheme



£3.19 billion

Value of deposits protected



£1,040

Average value of a tenancy deposit



144,647 Adjudications
completed since 2007

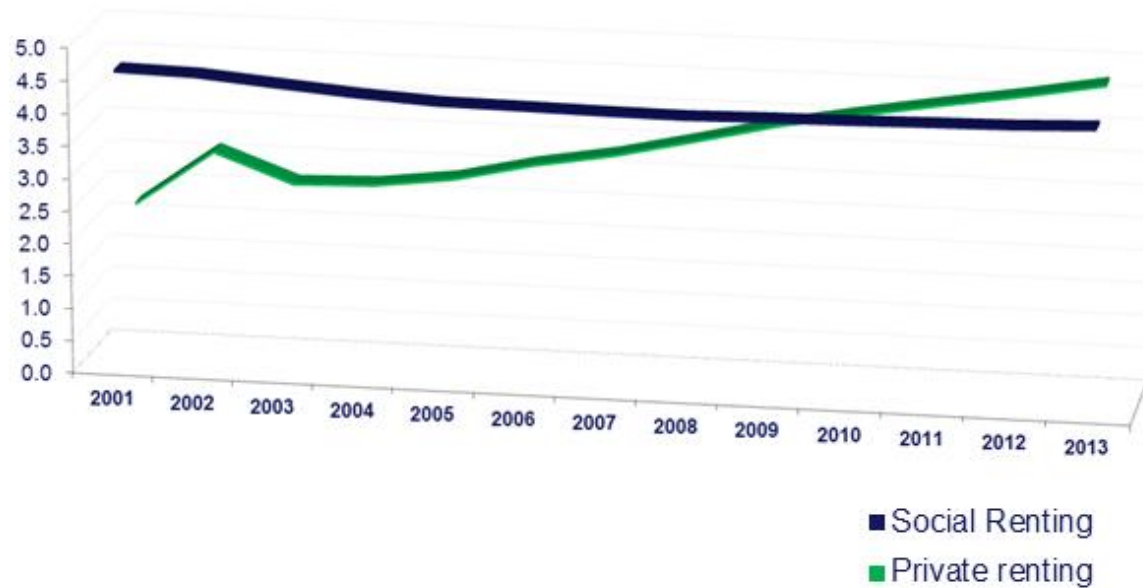
The size of the Private Rented Sector

The last few years has seen a steady increase in the size of the private rented sector in England and Wales as shown in Figures 1 below and it is now larger than the social rented sector.

The graph in Figure 1 shows that since 2001 there has been a rapid increase in the private rented stock in England and Wales from 2.23 million homes in 2001 to an estimated 4.69 million in 2013. In the same period the numbers of owner occupied homes in England and Wales has shown a small increase from 15.67 million homes in 2001 to 15.782 million in 2013. There has also been a small decrease in social housing from 4.58 million homes in 2001 to 4.33 million homes in 2013.

Figure 1: Tenure in England and Wales since 2000 (m): Social and private rented

Sources: English Housing Survey 2003 (DCLG 2015); UK Housing Review 2015 (York 2015)



Year	Owner Occupation	Social Renting	Private renting
2001	15.676	4.582	2.223
2002	15.803	4.550	3.087
2003	15.718	4.445	2.646
2004	15.966	4.346	2.681
2005	16.090	4.273	2.828
2006	16.050	4.256	3.100
2007	16.095	4.234	3.304
2008	16.068	4.221	3.578
2009	15.957	4.242	3.862
2010	15.878	4.253	4.083
2011	15.807	4.274	4.286
2012	15.733	4.291	4.477
2013	15.782	4.333	4.690

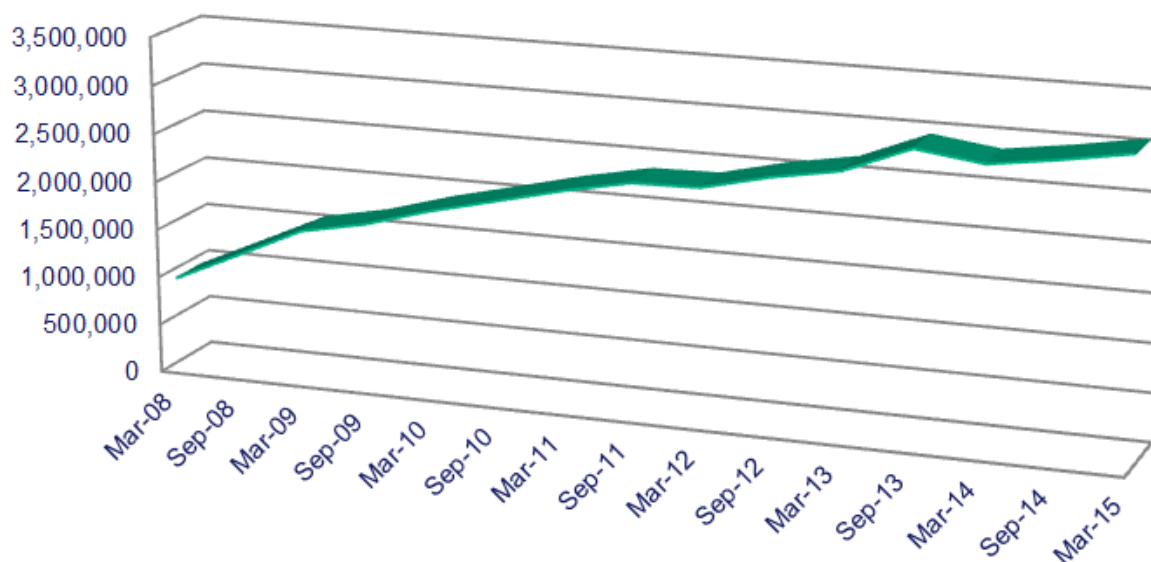
Deposits

When the tenancy deposit protection legislation was introduced in April 2007 it was not retrospective in that it only applied to new assured shorthold tenancies where a deposit was taken after 5 April 2007. As such there was a slower take-up of the deposit protection in the early years of the scheme.

Since then there has been a steady increase in the number of deposits protected to 3.06 million at the end of March 2015 as shown in Figure 2.¹

Figure 2: Tenancy deposits protected from April 2007 to March 2015 in England & Wales

Source: DCLG Fol data 2015



Deposits protected	
Mar-08	924,181
Sep-08	1,236,497
Mar-09	1,553,130
Sep-09	1,689,876
Mar-10	1,888,532
Sep-10	2,053,372
Mar-11	2,220,543
Sep-11	2,360,178
Mar-12	2,374,385
Sep-12	2,539,022
Mar-13	2,659,301
Sep-13	2,939,360
Mar-14	2,848,110
Sep-14	2,948,045
Mar-15	3,066,130



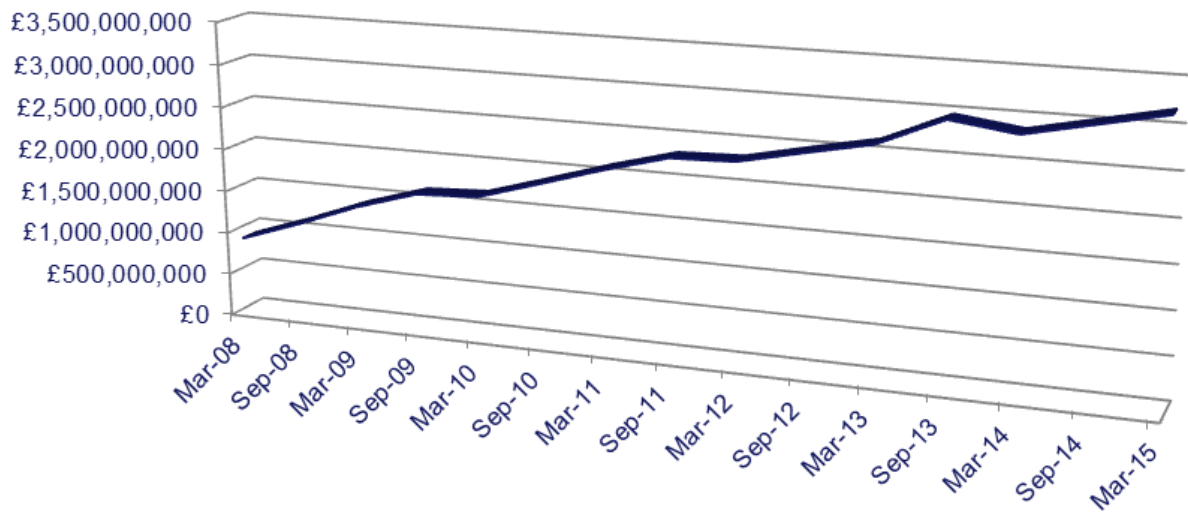
The value of deposits protected

The value of deposits protected has also increased over the years and now stands at almost £3.2 billion at 31 March 2015 (Figure 3).

¹ In 2013-14 there was a small reduction in total deposits protected as my|deposits carried out a clean-up of their data and recalculated the number of deposits protected by their scheme.

Figure 3: Total value of tenancy deposits protected to March 2015 in England and Wales

Source: DCLG Fol data 2015



	Value of deposits protected
Mar-08	£885,098,501
Sep-08	£1,133,516,843
Mar-09	£1,406,482,263
Sep-09	£1,625,936,542
Mar-10	£1,661,896,693
Sep-10	£1,880,132,739
Mar-11	£2,104,219,832
Sep-11	£2,302,701,868
Mar-12	£2,325,317,455
Sep-12	£2,485,518,870
Mar-13	£2,637,843,361
Sep-13	£2,964,643,278
Mar-14	£2,865,824,221
Sep-14	£3,021,479,927
Mar-15	£3,187,501,867



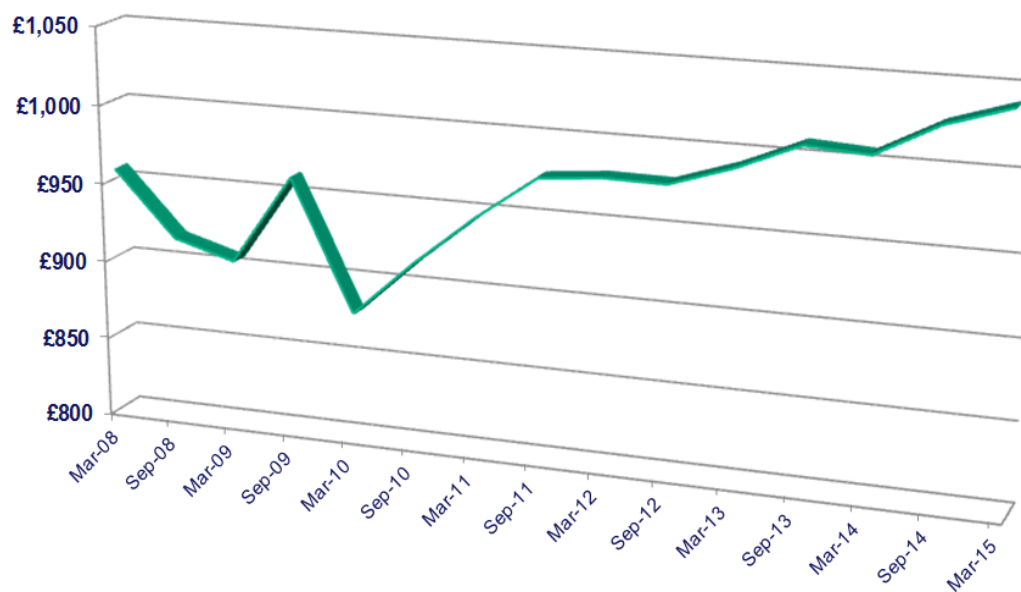
The average value of deposits protected

Figure 4 shows the average value of deposits protected over time. This has fluctuated from a low of £880 in March 2010 to £1,040 in March 2015. It should be noted that these figures hide significant variations between regions in England and Wales.

The 2011-12 English Housing Survey² reported that deposit values fluctuated:

- 46.88% of deposits were four weeks/one month's rent;
- 42.19% of deposits were greater than this amount;
- 10.94 of deposits were less than this amount.

Figure 4: Average value of deposits protected April 2007 to March 2015 in England & Wales
Source: DCLG FoI data 2015



Average deposit value	
Mar-08	£958
Sep-08	£917
Mar-09	£906
Sep-09	£962
Mar-10	£880
Sep-10	£916
Mar-11	£948
Sep-11	£976
Mar-12	£979
Sep-12	£979
Mar-13	£992
Sep-13	£1,009
Mar-14	£1,006
Sep-14	£1,027
Mar-15	£1,040

² English Housing Survey 2011-12 DCLG (2013)

Deposits by scheme

Government data has now been released to show deposits held by each scheme since 2013. The Tenancy Deposit Scheme is the largest by far of the three insurance backed schemes. DPS has marginally more deposits in the custodial scheme (which is free for agents and landlords to use) than are held by the Tenancy Deposit Scheme.

As at 31 March 2015 a total of 38.18% (2014: 38.82%) of deposits are held in the sole custodial scheme with 61.82% (2014: 61.18%) held in the three insurance backed schemes (Figure 5).

Figure 5: Deposits held by each scheme

Source: DCLG Fol data 2015

Deposits protected by scheme					
	TDS	MyDeposits	DPS	DPS Insured	Total
31-Mar-13	917,386	744,410	997,505	0	2,659,301
30-Sep-13	1,083,408	818,659	1,031,558	5,435	2,939,060
31-Mar-14	1,085,116	644,802	1,105,619	12,573	2,848,110
30-Sep-14	1,129,211	668,328	1,134,233	16,273	2,948,045
31-Mar-15	1,135,769	738,853	1,170,564	20,944	3,066,130

The three insurance backed schemes tend to attract higher value deposits as landlords and agents prefer to pay to protect these and retain the deposit during the tenancy rather than pass them over to the Custodial scheme (Figure 6).

Figure 6: Value of deposits held by each scheme (£)

Source: DCLG Fol data 2015

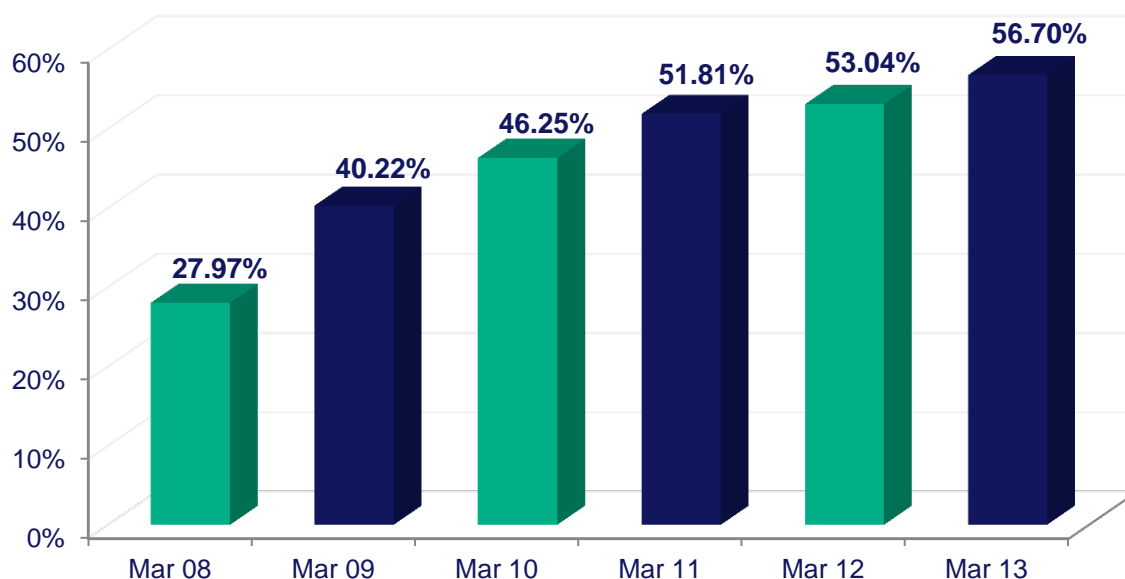
	TDS	MyDeposits	DPS	DPS Insured	Total
31-Mar-13	£1,054,518,879	£782,704,424	£800,620,058	-	£2,637,843,361
30-Sep-13	£1,261,944,817	£855,818,847	£841,370,237	£5,509,377	£2,964,643,278
31-Mar-14	£1,258,440,475	£693,628,472	£901,510,446	£1,244,828	£2,854,824,221
30-Sep-14	£1,320,405,235	£741,712,055	£942,824,240	£16,538,397	£3,021,479,927
30-Mar-15	£1,341,343,189	£810,317,495	£1,014,399,143	£21,442,040	£3,187,501,867
Average deposit value March 2015	£1,181	£1,097	£867	£1,024	£1,040

Compliance rates

A key question asked by many interested parties is the level of compliance by landlords/agents with the tenancy deposit protection legislation. There are very few publicised cases of tenants taking their landlords to the County Court for non-compliance but all of the tenancy deposit schemes are regularly approached by tenants enquiring as to whether or not their deposit is protected.

The chart below (figure 7) is a crude tenancy deposit protection compliance assessment based on taking the number of tenancies in the private rented sector and comparing this to the number of deposits protected. This shows that in March 2013 56.70% of all private sector tenancies had their deposits protected.

Figure 7: The % of deposits protected compared to the total number of tenancies in the private rented sector



% of tenancies with deposits protected	
Mar 08	27.97%
Mar 09	40.22%
Mar 10	46.25%
Mar 11	51.81%
Mar 12	53.04%
Mar 13	56.70%

This data however must be treated with caution as:

- The number of private sector tenancies is an estimate compared with the highly accurate tenancy deposit protection number;
- Not all private sector tenancies are qualifying tenancies for the purposes of tenancy deposit protection;
- Not all landlords take deposits.

The government has previously estimated that in the private rented sector 87.4% of homes are assured or assured shorthold tenancies³. Properties let on assured tenancies where deposits are taken are not required to protect those deposits.

The 2010 Private Landlord Survey reported that deposits were taken on 84% of tenancies.

³ English Housing Survey 2011-12 DCLG (2013)

Figure 8: Deposit required (2010 Private Landlord Survey based on dwellings)⁴

Individual landlords	90%
Companies	68%
New Landlords	89%
Longer term landlords	80%
All	84%

If this 84% deposit required figure were to be applied to the 87.4% of private tenancies assumed to be assured shortholds and the deposits protected applied to this data it suggests that as at 31 March 2013 there was 77.23% compliance with the deposit protection legislation.

Figure 9: Compliance with the requirement to protect deposit

	Private tenancies (m)	Assured shorthold (m) (estimated at 87.4% of total)	Assured shorthold with deposits (m) (estimated at 84% of tenancies)	Deposits protected (m)	Compliance rate %
2008	3.578	3.127	2.627	0.924	35.18%
2009	3.862	3.375	2.835	1.553	54.78%
2010	4.083	3.569	2.998	1.889	63.00%
2011	4.286	3.746	3.147	2.221	70.57%
2012	4.477	3.913	3.287	2.374	72.24%
2013	4.690	4.099	3.443	2.659	77.23%

There are however a number of caveats with this conclusion. The percentage of tenancies which are assured and assured shorthold does not differentiate between the two types of tenancy and assured tenancies with deposits do not come within the remit of the legislation. This means that the above table may well overestimate the numbers of assured shorthold tenancies in existence and therefore depress the deposit protection compliance rate.

This is clearly an area where more research is required.

⁴ Private Landlord Survey 2010, DCLG (2011)

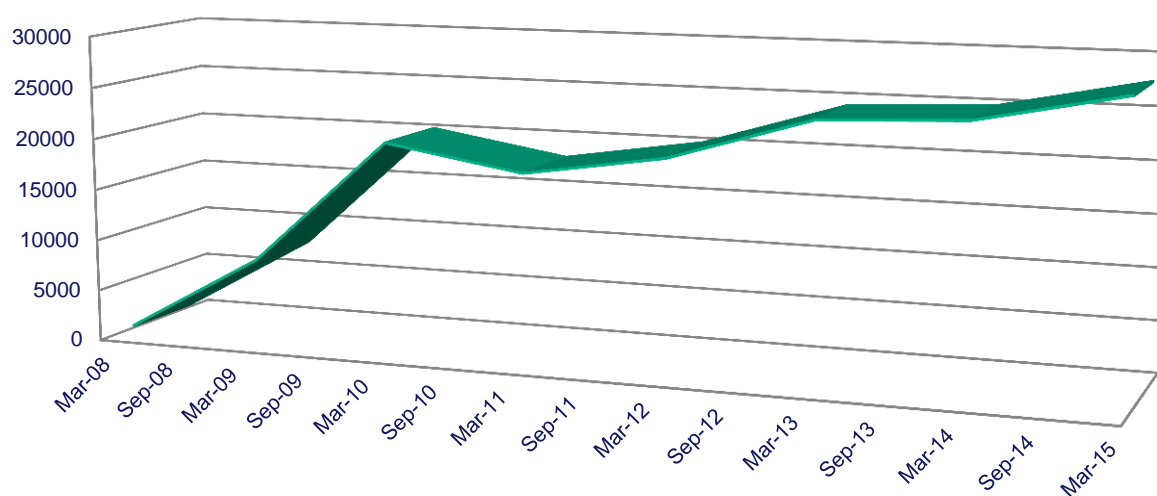
Disputes

Numbers of disputes

In the first years of the tenancy deposit protection regime there were relatively few disputes as tenancies had not ended. Over time the number of disputes has increased as tenancies end and landlords and tenants cannot reach agreement on the allocation of the deposit.

The chart below shows that the number of disputes reduced in 2010-11 but increased again in the years since.

Figure 10: Adjudications completed by year⁵



Adjudications completed by year	
Mar-08	458
Mar-09	8,098
Mar-10	20,363
Mar-11	18,156
Mar-12	20,279
Mar-13	24,448
Mar-14	25,029
Mar-15	27,816
Total	144,647

Disputes as a percentage of deposits protected

Before the tenancy deposit protection legislation was introduced, the National Association of Citizens Advice Bureaux reported in their 1998 report *Unsafe Deposits*⁶ that 48% of tenants in their survey had reported having had a deposit unreasonably withheld and only one in 6 of these had been successful in getting their money back. This implied that 40%

⁵ DCLG data 2015

⁶ Unsafe Deposits, NACAB (1988)

of tenants may have had their deposit withheld by their landlords without the agreement of the tenants.

An analysis of the number of adjudications each year compared to the number of deposits protected shows a surprisingly low percentage of disputes as a proportion of the deposit protected (Figure 11).

Figure 11: Disputes as a percentage of the total number of deposits protected

Disputes as a % of deposits protected	
Mar-08	0.05%
Mar-09	0.52%
Mar-10	1.08%
Mar-11	0.82%
Mar-12	0.85%
Mar-13	0.96%
Mar-14	0.94%
Mar-15	0.95%

This table indicates that in the last five years the disputes percentage rate has been below 1% of tenancies protected. Given that the evidence from the sector is that tenancies on average are lasting up to 24 months this implies a **dispute rate to tenancies ending** of some 1.9%. This is significantly below the figures implied by the Unsafe Deposits report in 1998.

Following publication of data obtained from the DCLG under the Freedom of Information Act it is now possible to identify the dispute rate per scheme. This now shows that the average dispute rate is at 0.91% of all deposits protected. The dispute rate per scheme in 2014-15 varies across the four schemes with the DPS Insured rate at only 0.40% (but this scheme is only two years old) compared with the 1.05% rate at the Tenancy Deposit Scheme (which allows landlords and agents to submit disputes).

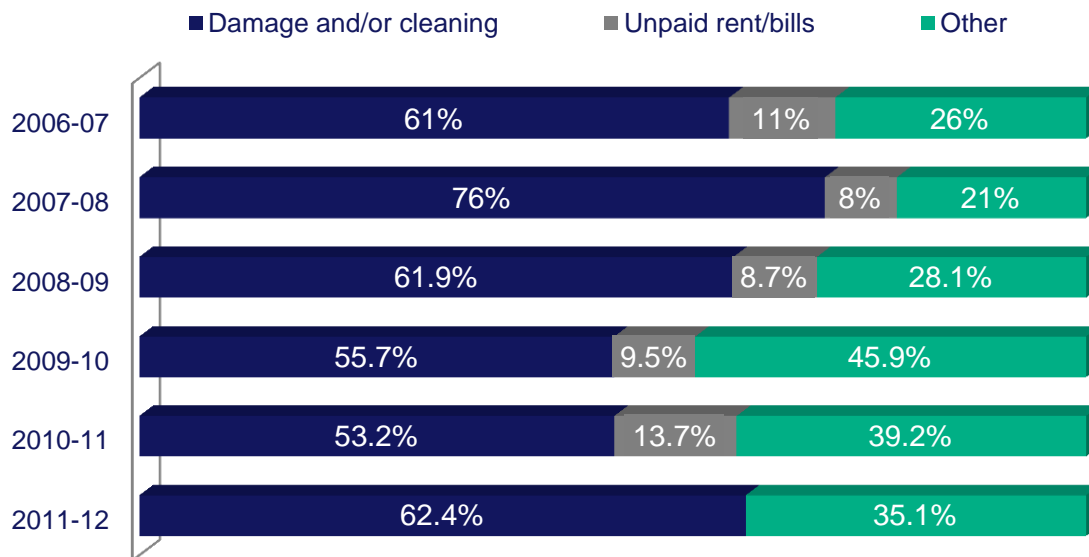
Figure 12: Dispute rates by scheme 2014-15

	TDS	MyDeposits	DPS	DPS Insured
Deposits protected	1,135,769	738,853	1,170,564	20,944
Disputes	11900	5532	9671	83
Dispute rate	1.05%	0.75%	0.83%	0.40%
Dispute rate 2013-14	0.87%	1.02%	0.81%	0.10%

Reasons for disputes

The latest government evidence in the 2011-12 English Housing Survey indicated that the most common reason for the non-return of tenancy deposits was in relation to the property being damaged or requiring cleaning (cited in 53.20% of cases in 2010-11. 13.70% of tenants reported that deposits had been withheld because of unpaid rent, an increase from previous years. 2011-12 data is incomplete).

Figure 13: Reasons given for non-return of deposits⁷

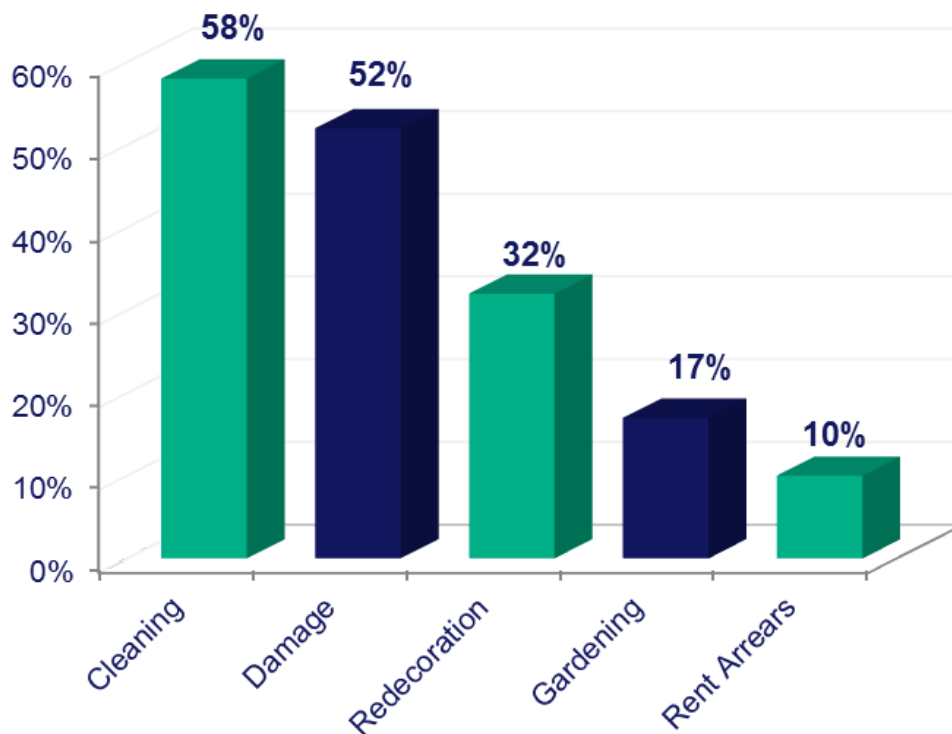


Source: English Housing Survey 2011-12, 2010-11, 2009-10, 2008-09
Housing in England 2007-08; Housing in England 2006-07

TDS has been collecting data on the reason for disputes for the last 7 years. They show that damage, cleaning, redecoration are the most common reasons given for a tenancy deposit dispute. In the cases submitted to TDS in 2014-15 cleaning appeared in 58% of cases and damage in 52%.

⁷ English Housing Survey various years, DCLG

Figure 14: TDS data on reasons for disputes deposits⁸



Who gets what?

A common question asked of the deposit protection schemes is who gets what in disputes. This data below covers the period from April 2007 to March 2015 and shows some significant differences between schemes.

As can be seen in over half the disputes all schemes tend to split the deposit in dispute between the landlord and tenants but there are some differences in the 100% allocations to landlords and tenants with mydeposits generating results different to those of the Tenancy Deposit Scheme and DPS.

In the Tenancy Deposit Scheme letting agents can submit disputes as well as tenants and as such are much less likely to submit frivolous claims where an adjudicator awards all of the disputed deposit to the tenant. In 2014-15 over 47% of disputes were submitted by landlords/agents. In the mydeposits scheme nearly all disputes are submitted by tenants.

⁸ Tenancy Deposit Scheme 2013

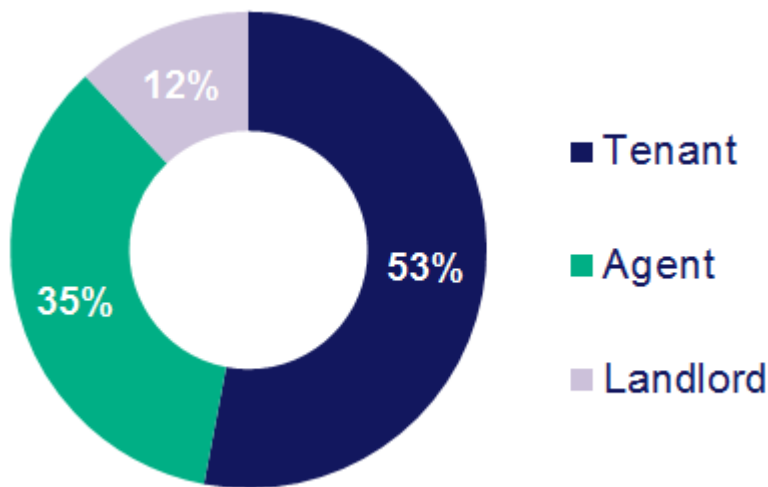
Figure 15: Allocation of disputed deposits

Tenancy Deposit Scheme	100% to tenant	100% to landlord	Split awards
mydeposits	13.43%	24.48%	62.09%
DPS	35.00%	9.00%	56.00%
DPS Insured	25.00%	18.00%	57.00%
	17.00%	16.00%	67.00%

Who raises disputes?

The table below shows who raised disputes in the Tenancy Deposit Scheme in 2014-15. As can be seen landlords and agents raised 47% of disputes compared to the 53% initiated by tenants.

Figure 16: Who raises disputes (TDS data only)



Contact details:

Tenancy Deposit Scheme
PO Box 1255
Hemel Hempstead
Herts HP1 9GN

Telephone: **0845 226 7837**

Fax: **01442 253193**

E-mail: **deposits@tds.gb.com**

Web: **www.tds.gb.com**