



Key Documents



Who should read this?



Tenants



Agents



Landlords

Insured

Custodial

A guide to the let only scheme

A guide to the let only scheme

Why let only?

Following consultation, members told us that they wanted TDS to better accommodate deposits for let only tenancies. Often, these tenancies result in disputes where the letting agent has no involvement in the end of tenancy process, and these disputes can affect a member's annual subscription fee.

Let only offers members deposit protection for the life of the fixed term tenancy agreement, in return for a flat fee, with no impact on a member's annual subscription if a dispute results at the end of the fixed term.

What is a let only tenancy?

We define this as any tenancy that is not managed by the member agent. It will cover situations where a member agent has registered a deposit on the TDS database for a tenancy where the member agent offers services such as:

- tenant find only
- tenant referencing
- drawing up a tenancy agreement
- rent collection.

These arrangements are defined as let only for the purposes of the Scheme. However, member agents can only register tenancy deposits under this Scheme where the tenancy is genuinely a let only tenancy.

How does the Scheme work?

Using the let only scheme is entirely optional and members are not obligated to use it in anyway.

However, where a member chooses to designate a registered deposit as let only, the deposit is protected by TDS for the life of the fixed term tenancy detailed in the original tenancy agreement.

From 1 April 2013, when the end of the fixed term tenancy agreement arrives, TDS will assume

that the tenancy has continued on a 'same terms' statutory periodic tenancy. If there is a change, or a new fixed term tenancy agreement has been drawn up, you should update the TDS tenancy database. This will trigger a further charge.

This means that:

- Where a tenancy continues on a statutory periodic tenancy with the same terms as the original tenancy, protection of the deposit continues and no additional Deposit Protection Charge needs to be paid.
- Where there is a change to the registered tenancy, or it continues in any way other than as a statutory periodic tenancy, members must update the TDS tenancy database to record this. This will mean that an additional Deposit Protection Charge needs to be paid.
- If a dispute arises from a tenancy designated as let only, this will not affect the Member's discount score for their annual membership subscription.

How much does it cost?

NFoPP and RICS £15.00 plus VAT

NALS, UKALA and The Law Society £18.00 plus VAT

How do I mark a tenancy as let only?

Manual registration of brand new tenancies

- For brand new tenancies (i.e. tenancies not already registered on the TDS tenancy database) members are able to designate them as let only when they first register them.
- Where a member chooses not to designate a tenancy as let only when they first register it, they can re-designate it at a later date – but not later than two months from the date that the tenancy was first registered.

- Registering a Let only tenancy via automated upload
- Members who upload their tenancy deposits via a third party software supplier (or via any form of automated upload) will need to login into the TDS tenancy database and manually re-designate tenancies as let only.

This must be done no later than two months from the date that the tenancy was first registered.

Recording a tenancy deposit as let only

Once a tenancy deposit has been registered on the TDS tenancy database, it can then be designated as let only by ticking the 'non-managed' box.

Members must make sure that they provide accurate details for all the tenancy information asked for – including the start and end date of the tenancy agreement.

Full contact details must be provided for the landlord and each tenant in order to register the deposit as let only.

Changes to the terms of a let only tenancy

An additional Deposit Protection Charge needs to be paid whenever a new fixed term tenancy is created or if there is a change in the terms of the original tenancy agreement. For example, this will mean a change in:

- tenant or landlord (other than a name change caused by a change in marital status);
- rent;
- the deposit amount.

Members are able to edit the details of a registered let only tenancy and this will attract a further Deposit Protection Charge. Where a Deposit Protection Charge becomes payable, we will tell the Member and give them the opportunity to agree this before the change is confirmed.

Incorrect registrations

If a dispute arises and TDS discover that:

- a further Deposit Protection Charge should have been paid, or
- details for the registered tenancy have changed but have not been recorded on the TDS tenancy database

The disputed deposit may be awarded to the tenant, without adjudication. Members must make sure that the TDS tenancy database reflects the tenancy agreement precisely.

How will let only tenancies be charged for?

Tenancies marked as let only on the TDS tenancy database will not be included in the annual subscription calculation or snapshot. Any disputes attributed to these tenancies will be excluded from the risk calculation carried out annually to determine the membership subscription.

Each month, TDS will review the tenancy database and identify:

- how many new tenancy deposits have been marked as let only, and
- where let only tenancies registered with us have been altered and revised details recorded on the database.

The appropriate Deposit Protection Charges will then be invoiced separately to the member at the published rate.

Deadline for re-designating tenancies already registered on the TDS Tenancy Database

Members have two months from the date of registering a deposit to re-designate any current tenancies as let only.

Can a tenancy be changed from a let only to a managed tenancy?

Yes. Members can make changes to the TDS tenancy database to show that a tenancy has changed from a let only.

Where this happens, TDS is unable to refund any Deposit Protection Charge already paid to the Scheme and the tenancy will be included in future snapshots.

My landlord has disinstructed me from managing their property. I'd like to be able to re-designate this tenancy as let only, but the database won't allow me to.

The database has been setup so that tenancy deposits can only be registered as let only either when first registered, and for up to two months from the date they were first registered.

If after this period, Members change the service being offered to their landlord and wish to take advantage of the Let only service, they should explain this to us by emailing:

member.relations@tenancydepositscheme.com

and attaching supporting evidence. We will review the position on a case by case basis.

How long will the scheme last?

The Scheme is available to Members on an extended trial period until 31 March 2014.

My Landlords never tell me when their tenancy renews. I'm worried that that a deposit will be unprotected at the end of the fixed term.

We appreciate that for let only tenancies, members may not know what is happening with the tenancy when the fixed term ends. To cater for this we have set up the scheme so that it operates in the following way:

- At the end of the fixed term, protection of a let only deposit will continue on an assumed 'same terms' statutory periodic basis, so protection will not end.
- If there is a change to the registered tenancy, members should update the TDS Tenancy Database and may encounter a further charge.

TDS has provided some suggested clauses below for inclusion within member's terms of business with their clients.

Let-only service – deposit protection for continuing tenancies

[Note: We = the agent; You = the landlord]

When a fixed-term tenancy is due to come to an end, it is your responsibility to check with the tenant whether they intend to stay at the property after the fixed term expires.

If the tenant intends to leave, you must notify us and the protection of the deposit will cease, automatically, at the end of the fixed term. At the same time, you can let us know if you want us to advertise your property.


If the tenant intends to stay on, under a statutory periodic tenancy (on the same terms as the fixed-term tenancy) you do not need to do anything at the end of the fixed term. The deposit will continue to be protected until you either (a) give the tenant a new fixed-term tenancy or (b) agree a change in the terms of a periodic tenancy (eg increase the rent).

Protection of the deposit will end if there is a renewal tenancy, or a variation in the terms of a periodic tenancy. If you want us to arrange for the deposit to be re-protected in these circumstances, you must notify us of the change(s) within 7 days of the change(s) taking place.

We will not arrange for the continuing protection of the deposit unless and until you instruct us to do so. If there is a new fixed-term tenancy or a variation in the terms of a periodic tenancy, you will have to pay a further Deposit Protection Charge to have the deposit re-protected. The tenant could take legal action against you, and claim between one and three times the deposit in compensation, if you leave the deposit unprotected. We will not be liable to you for any Deposit Protection Charges, court fees, legal fees and/or compensation if you do not instruct us to re-protect the deposit when there is a new fixed term or a change in the terms of a periodic tenancy, or if your instruction is given late. If you do not instruct us to re-protect the deposit, you must reimburse us for any Deposit Protection Charge, court fees, legal fees and/or compensation that we have to pay as a result. We may deduct these sums from any rent that we receive on your behalf.

 **0300 037 1000**

 **www.tenancydepositscheme.com**

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