

What Makes a Safe Letting Agent ?

Updated Code of Practice for Letting Agents

The lettings industry and its regulators, together with Trading Standards have produced an updated Code of Practice to **help ensure letting agents adhere to both best practice and the law.**

As of 1 June 2019 the Code has been extensively revised to take into account changes in **Consumer Protection Regulations**, data protection, permitted tenant fees as well as what is considered to be fair and ethical practice according to **Trading Standards.**

Letting agents should ideally **make consumers clearly and easily aware** that they:

- Belong to an Approved Redress Scheme for dealing with complaints
- Have in place Client Money Protection insurance with a Certificate on display
- Are displaying all fees and charges openly and fairly
- Are disclosing any referral fees and the extent of any profit being made on ancillary services such as utility switching, energy certificates, gas safety certificates etc
- Are not charging both landlord and tenant for providing the same service such as a tenancy renewal
- Arrange for inventories to be prepared independently and professionally to protect both landlord and tenant in case of damages etc
- Handle and register tenants' deposits correctly and lodge them with an Approved Scheme

Why does this matter to Landlords?

Most of the requirements are designed to protect the interests of both the landlord and the tenant but **will only work if a letting agent adheres to the Code** – and many are not !

If a security deposit is not handled correctly or an outdated 'How to Rent' guide is wrongly issued, either of these mistakes may be grounds for **preventing a Landlord regaining possession of his/her property.**

If a letting agent prepares their own inventory without adequate photographic evidence (or only issues an electronic copy to tenants to save money, but cannot prove it) then this too could **harm a Landlord's interests.**

If an agent doesn't disclose in advance the cost and profit margin on ancillary services such as energy certificates or gas safety certificates, that agent **could be overcharging you the landlord** and making a 'secret profit' without you knowing, contrary to honest and best practice.

If an agent does not have in place **Client Money Protection**, a landlord could suffer loss of rent through employee fraud, dishonesty or even bankruptcy, and the agent be liable to a fine.

If an agent advises you badly on material property information or legislation affecting you as a Landlord, **you could be vulnerable to fines** or even litigation.

How can you tell whether a letting agent is risky?

You can never be certain but **an agent's website** can tell you an awful lot about **how compliant they are** with the information they ought to be displaying clearly for consumers.

Landlords ought to be able to **easily find displayed** on an agent's website:-

- Their Client Money Protection Certificate
- Their client money handling procedures (if regulated by RICS)
- Their landlord fees/charges and permitted tenant charges
- Which organisation actually regulates the agent e.g. RICS, ARLA etc
- Which Consumer Redress Scheme they belong to (eg The Property Ombudsman)
- Which Approved Scheme tenants' deposits are lodged with (eg Deposit Protection Service)
- Their data protection/privacy policy
- Their complaints procedure

Unfortunately, many agents are not complying so it really is a minefield for consumers/Landlords.

Remember, **it is better to be safe than sorry.** If you have any doubts about a particular letting agent why not play it safe and come over to Johnsons Lettings.

You might even save on fees as a bonus!

Call Lorna or Diane on 01302 384020