

As we go to print, voting is yet to happen. Mother Theresa has managed to turn a 20 percentage point lead into a 5 point lead. Well done political advisers who believe the elderly and the prudent don't vote! Brother Jeremy and Corbynistas believe everyone should be equal and rent controls would work. The Cameroons and Boy George have gone but left behind their attack on landlords and the private rented sector. Do any of our political leaders understand the real world?

Calling an election has delayed some legislation. Mandatory licencing of five person HMOs of less than 3 floors is delayed. Making Tax Digital to include the filing of quarterly tax returns has been delayed. Client Money Protection has been delayed. Electrical installation inspections have been delayed. Banning of letting agent fees has been delayed. All will be introduced when parliament reconvenes, as will tax changes and EPC legislation.

When our new members of Parliament are in place we would ask you to contact them. Instead of using the 2 million landlords as cash cows and branding private rented as expensive, unregulated and unsafe, government need to support the majority of small independent landlords who are providing safe, legal and secure homes at a reasonable rent. We want their help to promote the importance of a strong Private Rented Sector in addressing the housing crisis and in opposing tax changes, the 'Right to Rent' checks, rent control, licencing and further regulation. We believe that the new Government must adopt positive tax policies that will encourage small landlords to provide the estimated 1.8 million additional homes required to rent by 2028.

This issue expands on some of the recent legislation.

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Further courses to follow; keep an eye on the training area of our website.

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### Election Fever

**Government Policy and the Buy-to-Let Sector; More means Less**

**Delays to 'Making Tax Digital'**

**Housing Benefit removal for some 18 - 21 year olds**

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**Buy-to-let mortgage prisoners**

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**Tax changes on Buy-to-Let mortgaged properties, The Impact**

**Councils's already issuing penalties**

**Rogue landlords be aware**

**Managing rent arrears**

**Two-thirds of Buy-to-Let lenders block housing benefit tenants**

## **GOVERNMENT POLICY AND THE BUY TO LET SECTOR; MORE MEANS LESS**

Article submitted by Rawdon Crozier, Barrister & Mediator, KBG Chambers, Plymouth

Individual buy-to-let landlords, particularly the probable majority, who use mortgages to finance their investment in property have already been hit by legislative changes, with new purchases attracting an extra 3% stamp duty, while the 1st April 2017, saw the introduction of s.24 of the Finance (No. 2) Act 2015, which will reduce the extent to which mortgage payments can be deducted from rental income for tax purposes. The latter, which will be fully implemented by 2020, have been trailed by the Government as affecting higher rate tax payers but this is misleading. Add to this new provisions in the Immigration Act 2016, which came into force on 1st December 2016, introducing criminal penalties for landlords who fail to comply with the existing scheme requiring landlords to check the immigration status of prospective tenants under the Immigration Act 2014 and one might begin to feel that legislative policy is directed towards imposing additional burdens on private landlords while reducing (and in some cases, taking away completely) the rewards from their endeavours as articles such as 'Regulation and taxation has gone too far' by Laura Lamb in the Mortgage Finance Gazette M.F.G. 2016, 146(1809), 20 reflect.

There isn't room to cover the immigration legislation in detail here, suffice it to say that like the suggestion that the tax changes will affect "higher rate tax payers" the suggestion that it affects "illegal immigrants" masks the reality that its chief impact will be on landlords; as an article in the Journal of Immigration Asylum and Nationality Law observed "It takes a historically unregulated free market run largely by small businesses and individuals, and seeks to turn them into border guards"; and, it might have added "unpaid border guards" at that. Those looking for a useful and not overly technical summary of the legislation might find 'Pressure growing for landlords and migrants' by Adrian Berry in the October 2016 LAG magazine of help (the article is available on-line:- <http://www.lag.org.uk/magazine/2016/10/pressure-growing-for-landlords-and-migrants>) Returning to the tax changes, when fully introduced, the effect will be dramatic with the chief losers being individual landlords who have large borrowings which are currently serviced out of rental incomes. The extent to which the effect of the changes is currently appreciated is unclear; there were, in effect, over 150,000 private landlords represented in the recent, unsuccessful attempt to seek judicial review of s.24 but in January 2016, the Daily Telegraph reported "the rapidly growing army of buy-to-let investors" was estimated to number two million.

The best article I have seen on the tax changes is one by Robert Jamieson in 'Private Client Business' P.C.B. 2016, 2, 81-89. PCB isn't a cheap or commonly available publication but many solicitors will have subscriptions or online access to it and certainly any buy-to-let landlord whose gross rental income is currently only just covering their mortgage payments ought to be considering getting some advice before s.24 comes fully into effect as the figures from one of the article's examples - wittily named "David and Samantha" - graphically demonstrates. This hypothetical married couple, have a sizeable rental property business, which they have built by borrowing, and no other income. In 2016 their position was that after deduction of repairs and other expenses,

which will remain deductible, they received rental income of £420,00 from which they were able to deduct interest payments of £360,000, giving a net profit for tax purposes of £60,000 and a taxable incomes, taking personal allowances into account of just £19,000 each, making them basic rate tax payers, each paying £3,800 p.a. in tax. By the time the changes have been fully implemented in 2020 none of the interest payments will be deductible from profit, and assuming none of the other figures change, they will be higher rate tax payers each earning £210,000 p.a. for tax purposes from which they will be able to deduct an Interest Relief Allowance of £36,000, this will give them an income tax liability of £44,600 each. In other words their position will be unsustainable.

The new rules in s.24 do not apply to owners of furnished holiday accommodation, to landlords of rented commercial property, nor to corporate residential landlords and the article goes on to consider the possible escape route of incorporation including the potential incidence and impact of CGT and Stamp duty. For present purposes, the message for those individual landlords who fear they may be affected is seek professional advice.

This article contains a broad summary of the law, which is accurate as at the 10th May 2017. It does not constitute legal advice and should not be treated as a substitute for legal advice.

KBG Chambers contact details are posted on the notice board section of this bulletin. Members of Chambers are happy to advise, on a direct basis, any SWLA members on any legal matters that may arise. This can be in conference, via a site visit or in writing.



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## Delays to 'Making Tax Digital'

More than half of the finance bill has been put on hold until after the general election, including a raid on dividend incomes, inheritance tax for non-dom properties and plans to force small businesses to keep digital tax records. The decision to remove 72 out of the 135 clauses has dramatically reduced the size of a bill that would otherwise have been the longest in history.

'Making Tax Digital' is a measure which would require businesses and self-employed workers (including landlords) to file multiple tax returns online each year. Jane Ellison, a Treasury minister, told MPs that the government would legislate for the postponed measures, which would make a significant contribution to the public finances, "at the earliest possible opportunity at the start of the next parliament". The Chartered Institute of Taxation, a professional body, welcomed the announcement, but said there was still uncertainty over whether all the measures would be introduced on the date originally planned. The scheme which was due to hit large businesses (with over £85,000 turnover per year) from 2018 and small businesses (with between £10,000 & £85,000.00 turnover per year) from 2019 will be delayed by at least a year. There is also a possibility that it could be scrapped altogether after blanket opposition against the proposals were received from taxpayers, business groups and senior political figures. The delay has been widely welcomed by tax experts who want more debate about the ambitious initiative that will require small businesses to send digital records to HM Revenue & Customs using computers or smartphones every three months.

*Article abridged from the Financial Times & the Telegraph*

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## Housing Benefit Removal for Some 18-21 Year Olds

From 1st April 2017, the automatic entitlement of housing costs within Universal Credit for some 18-21 year olds was removed. However, there are exemptions to protect the most vulnerable claimants.

The Government's reason for the action is so that "young people in the benefit system face the same choices as other young people who go out to work and cannot yet afford to leave the parental home." They also feel that it makes the system fair by encouraging young people who are able to stay at home, to do so, therefore alleviating the cost to tax payers.

There are a few exemptions including claimants who are orphaned or their parents live abroad, claimants who are at serious risk in their parental home and claimants where there is serious risk of damage to their physical or mental health if they stayed in their parental home.

The regulation will not remove the entitlement to claimants if they are in any of the following circumstances;

- in temporary accommodation provided by a local authority
- has been a victim of domestic violence
- receive the care component of disability living allowance at the middle or highest rate or the daily living component of personal independence payment
- were a care leaver before reaching the age of 18 are responsible for a child or a qualifying young person

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## AGENTS TAKE NOTE!

The following is abridged from a judgement in the County Court at Plymouth between Mrs Seip (Claimant) and Town and Country Lettings (Defendant).

Mrs Seip (whose father is a member of SWLA) was seeking damages of £4,500 for negligence and/or breach of contract from the defendant who are a firm of Letting Agents. The £4,500 represents arrears of rent which the claimants were unable to recover from their tenants following the termination of the tenancy.

The defendant argued through its solicitor Mr Knapper that there was no breach of contract, no negligence and that the loss in any event was not caused by either, but merely the 'rough and tumble' of life encountered when one chooses to let property.

Mrs Seip's contract provided that the defendant would interview prospective tenants and take up full references including credit reference, employer and previous landlord. Where necessary additional security would be requested by means of guarantor and also regular inspections would be carried out on a quarterly basis.

There was no dispute that the contract contained an implied term that the defendant would carry out its work with reasonable care and skill and would comply with the code of practice for Residential Letting Agents published by the Property Ombudsman. In any event reasonable care and skill or lack of it would found a claim in negligence and compliance with the code which the defendant voluntarily adopted and held itself out as following.

The code provides, the defendant must provide the landlord with all relevant facts relating to the applicant to enable the landlord to make an informed decision. It also requires the use of a referencing service provider or third party reference or both, and the landlord's written confirmation before proceeding in a case where prudent referencing criteria are not met.

The agent found tenants described as a lovely couple (Mr M & Ms L) with 3 young girls, and recommended them as tenants at a rent of £1,500pcm. The agent said "we shall be in contact when all references are complete." The tenancy at first ran without problems, but after rent arrears arose a section 8 then a section 21 were served. The tenant vacated without returning keys, with £3,000 of rent arrears and the property in an unacceptable state.

Mrs Seip sued Mr M but he went bankrupt and Ms L had no income. Mrs Seip went to the Property Ombudsman who awarded £350 for aggravation and inconvenience and failing to complete an up to date inventory, but nothing for financial loss. The judge interviewed the agents' area manager who confirmed there was no formal interview of the tenants who were shown the property after a telephone application. No record was kept of anything said.

Mr M claimed 'never to have lived there' and had no intention of paying rent for Ms L. Mrs Seip's father gave a statement from which the judge concluded that a) the tenants were not a couple, b) Ms L was not Mr M's partner, c) they did not live together at the property and the agent would have established that the tenants did not have a long standing relationship and children if they had conducted a proper interview.

Had Mrs Seip known the facts she would not have accepted them as tenants. He also concluded the referencing process was equally deficient. The agency engaged Rent Shield Credit Check but this did not absolve the agent from all responsibility in this regard and they could not blindly follow the recommendations as the report said it should not be used as the sole reason for making a decision.

i) Mr M Had a reported salary of £155k.p.a. as indicated by a 'CFO' Marish Cuatralia saying Mr M was a C20 with Red Four. Nobody knew what a CFO or a C20 was and nobody asked. A 5 minute search on the internet would have revealed Mariah as an employee of Red Four which was owned by Mr M and the company was dormant.

ii) Mr M had a lower credit rating (699) than Ms L (854) yet she had no income at all!

iii) Ms L was recorded not only as having no income but as having had arrears on her existing tenancy and her then landlord wouldn't have re-let to her. Rent Shields recommendation was, accept with a guarantor due to insufficient income and previous rent arrears. The area manager said she didn't know why a guarantor was not pursued. Mr Knapper argued that since Mr M was jointly and severally liable he was effectively a guarantor for Ms L and another guarantor 'would have brought nothing to the party'.

The judge said it was quite bizarre for the defendants to follow slavishly Rent Shield's recommendations for Mr M but ignore them for Ms L. Another guarantor would clearly have brought a lot more 'to the party' i.e. another person to collect rent from if Mr M defaulted, given Ms L had no income.

What were the breaches of contract and or negligence?

The judge said - Failing to interview the potential tenants properly or at all.

Failing to take up full references and to rely without further enquiry on Rent Shield information and in the case of Ms L, failing to follow Rent Shield recommendation to accept her only with a guarantor. Rent Shield made this recommendation knowing Mr M was to be a joint tenant. Failing to give the claimant any information at all about the result of the credit check and references. Had Mrs Seip known of Ms L circumstances she would not have taken her as a tenant.

The judgement was that the agent was duty bound both in contract and in negligence to keep the claimant informed so the claimant can make an informed decision.

Did the breach and/or negligence cause the loss and was it reasonably foreseeable?

Mr Knapper argued it wasn't the defendant (agent) who caused the loss but the tenants, and there was no general duty to prevent persons from harming others by their deliberate wrong unless a special relationship existed between litigants.

He cited Smith v Littlewood (1987) and Stanbie v Troman (1948). The judge said these cases were nothing like the present case.

Here the claimant engaged the defendant to find a suitable tenant, interview them and obtain full references. If the defendant failed to do this with reasonable care and skill, it was abundantly clear that the claimant was likely to suffer loss by failure to pay rent and/or other breaches of the tenancy.

After listening to argument the judge said "The loss here is a direct consequence of the defendant not informing the claimant of the risks which only the defendant was aware of and not insisting on a guarantor. There was a duty of care. The defendant failed in that duty. There was a breach of contract. The loss was foreseeable and flowed directly from the breach of duty of care and breach of contract."

The claimant was awarded £3493.15 plus interest @ 8% and court costs.

### **SWLA Comment**

Agents and Landlords using credit referencing agencies need to consider all the facts given and carry out further checks if and when considered necessary.

## **Buy-to-Let Mortgage Prisoners**

Many landlords are tied in with lenders on less than competitive interest rates, or stuck on higher standard variable rates making them virtual mortgage prisoners. Landlords may feel imprisoned by the new 'affordability' testing, which is being undertaken by lenders. As a result, some landlords are suffering expensive mortgage rates which are eating into their profits each month, or even forcing them into a loss. The new lending rules means that some lenders will have to take into account a landlord's other expenses such as their tax status. It will be on this stricter lending that landlords will be assessed to see if they can afford to borrow.

Darren Pescod, Managing Director of The Mortgage Broker Ltd has said; 'the mortgage restrictions are very bad for landlords and pose a major threat to Buy-to-Let investments. If landlord mortgages are tougher to secure, buy-to-let landlords could find themselves stuck on expensive rates indefinitely.'

The Ipswich Building Society has returned to the mortgage market with two new Buy-to-Let products, specifically aimed at Buy-to-Let prisoners or 'misfits'. The lender will only assess rental income at 125% of the mortgage pay rate. Ipswich Building Society has also confirmed it will accept re-mortgage applications from selected intermediaries and its prestige partners, of which The Mortgage Broker Ltd is one.

This new move will increase the options available to landlords looking to re-mortgage where they may be restricted by the FCA rules for calculating mortgages. Richard Norrington, Chief Executive, Ipswich Building Society commented; 'By employing a manual approach to underwriting, with consideration of each application based on individual circumstances, this new initiative will help creditworthy Buy-to-Let borrowers who may be finding it hard to re-mortgage away from their existing lender'

*Abridged from an article by the RLA*

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## **Landlord Insurance Policy Renewals**

SWLA would like to take this opportunity to encourage its members to seek out a quote from either Excaliber Associates or Bateman (Landlord Insure UK) at renewal time. Not only do SWLA members benefit from a discount on the services offered, but they can be assured that the level of cover and quality of the policy has been thoroughly reviewed by SWLA Directors. The SWLA believe that a policy from either of these independent companies represents the very best value available for the quality of cover provided. Excaliber and Bateman are long-standing supporters of SWLA, who work with us to ensure that members are provided with a personal service which is tailored to their individual needs. Quotes are free, with no obligation and take just a few minutes of your time!

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# Compulsory Money Protection on the way for Letting Agents

Compulsory Client Money Protection (CMP) schemes are set to be introduced for agents under recommendations from a government working group which was formed in August 2016. It was announced in March 2017 by Housing Minister Gavin Barwell MP; that the government will shortly consult on details. It is thought that agents found to be handling client money without having CMP will be fined or shut down. Those who receive fines for non-compliance should not be allowed to continue to handle cash.

Set terms and conditions for CMP will be agreed by government to ensure the schemes are consistent and the new rules will be enforced by local authorities.

CMP schemes protect the money of landlords and tenants if a letting or property agent goes into administration as well as protecting against theft or misappropriation. The cash in question is usually tenants' deposits or landlords' rents – or money for repairs.

Around 60-80% of agents are currently in a scheme voluntarily and the government and the House of Lords established a working group to look at how CMP was operating and whether to go further by making use of the powers in the Housing and Planning Act 2016 to make it mandatory.

Industry estimates that letting agents currently hold approximately £2.7 billion and, at present, agents pay a fee of about £300-£500 to join a scheme. That fee forms a central pot of cash for successful landlord and tenant claims.

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## Tax Changes on Buy-to-Let Mortgaged Properties, The Impact

Buy-to-let landlord Jamie Brewis's tenants – a couple in their 60s – will have to move out of the bungalow that has been their home for the past four or so years. They didn't want to go, and were good tenants. But Brewis says he had no choice but to give them notice, thereby forcing them to find somewhere else to live, because of major tax changes that were being phased in from April 2017.

Brewis says he has decided to sell the property because the cut in tax relief on mortgage interest payments for buy-to-let landlords means that in this particular case the maths no longer stack up, and he would end up making a net loss. With what he is paying on the mortgage, against the rent he receives, he says the result will be that "I am not earning anything out of it – in fact, it's costing me money."

Brewis says the couple are upset, and he is, too. "I don't want to chuck them out – they are in their 60s, they have lived their life in rental, and they are now not in a position to buy somewhere. I provide housing for a lot of people and I don't charge them over and above market rent – I charge them market rent. If market rents don't work because of these government changes, I've got no choice but to sell up and move on."

The 38-year-old runs his own property development company, Haverbridge Homes, and outside his business he has personally invested in 21 buy-to-lets in and around Upminster, East London. He is also selling another of his higher-end properties, though the tenants living in it aren't moving out for a couple of months because they recently had a baby. They and the older couple won't be the only people affected by the changes – industry surveys suggest a fair number of landlords have already started offloading properties, or are thinking of doing so. It's not just landlord bodies that have expressed concern. In December Kate Barker, an influential economist, housing market expert and former member of the Bank of England's monetary policy committee, told the Commons Treasury select committee that while she was generally supportive of the decision to increase stamp duty for people who were buying to let, she had more difficulty with the change to mortgage tax relief. "I would be uneasy if it has the unintended consequence of meaning that these families ... who have been living in a house for some time and paying their rent and everything, are then forced to move because the buy-to-let landlord no longer finds the yield acceptable, or cannot afford it," she said. "That effect on stock does worry me more, not so much because of the landlords, but because of the impact on the tenants down the line."

However, campaign groups such as Generation Rent, say the changes could dampen property speculation and create a fairer market.

*Article abridged from the Guardian*

## Council's already issuing penalties

The London council of Newham is thought to be the first local authority in the UK to use new powers to issue a direct fine on a rogue landlord. This replaces the need for a lengthy and expensive court action. The landlord was fined at the end of April 2017; just 20 days after new powers were adopted under the Housing and Planning Act 2016. The level of the fine is set by the council, depending on the seriousness of the breach of conditions, and can go up to £30,000 for the worst cases.

The fine was imposed on the landlord of a flat in Plaistow after a fire in the block. Investigations by the London Fire Brigade revealed there were no fire alarms in the flat at the time of the blaze. Council officers then visited the property, which was still occupied, and found there were still no fire alarms, a serious breach of the landlord's property license conditions. A Financial Penalty Notice of £5,000 was issued to the landlord.

"Our swift adoption and application of the new powers underlines our commitment to protect tenants from rogue landlords. In this case there was a single breach of the law, but by failing to install fire alarms, even after a blaze in the block, this landlord clearly showed his reckless lack of care for the safety of his tenant" says a Newham council spokesman.

*Article abridged from Letting Agent Today*

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# **Rogue Landlords Be Aware**

Some sections of the Housing and Planning Act 2016 which aim to crack down on “rogue” landlords came into force on April 6th 2017

Here is a brief overview of what “rogue” landlord measures came into force:

## **Civil Penalties**

Councils are now able to impose fines of up to £30,000 as an alternative to prosecution for a range of housing offences. They will be able to retain all of the income to make sure it is used for private sector housing enforcement purposes. They are not retrospective and cannot be imposed on offences committed before commencement.

Local housing authorities will be able to impose a civil penalty as an alternative to prosecution for the following offences under the Housing Act 2004:

- Failure to comply with an Improvement Notice (section 30);
- Offences in relation to licensing of Houses in Multiple Occupation (section 72);
- Offences in relation to licensing of houses under Part 3 of the Act (section 95);
- Offences of contravention of an overcrowding notice (section 139);

Failure to comply with management regulations in respect of Houses in Multiple Occupation (section 234).

## **Extended Rent Repayment Orders**

Rent repayment orders, which can be issued to penalise landlords managing or letting unlicensed properties, have also been extended to cover a wider range of situations.

Rent repayment orders are being extended to cover the following situations:

- Failure to comply with an Improvement Notice under section 30 of the Housing Act 2004;
- Failure to comply with a Prohibition Order under section 32 of the Housing Act 2004;
- Breach of a banning order made under section 21 of the Housing and Planning Act 2016;
- Using violence to secure entry to a property under section 6 of the Criminal Law Act 1977; and

Illegal eviction or harassment of the occupiers of a property under section 1 of the Protection from Eviction Act 1977

## **Tenancy Deposit Protection (TDP) Scheme Information Sharing**

Tenancy Deposit Protection (TDP) schemes are required to provide specific information they hold on tenancies in England to local Housing Authorities who request the information. Only information which relates to properties in the

geographic area of the Local Housing Authority which requests the information will be provided.

Local Housing Authorities must only use the data:

For a purpose connected with the exercise of their functions under Parts 1-4 of the Housing Act 2004 in relation to any premises (in general improving housing conditions, licensing of HMOs, selective licensing of other accommodation and management orders)

For the purpose of investigating whether an offence has been committed under any of those Parts in relation to any premises.

The TDP information available to Local Housing Authorities is restricted to:

- Private Rented Sector (PRS) property addresses
- Addresses of the landlords letting these properties
- Addresses of letting agents managing PRS properties

Number of deposits registered at the PRS property address

Private sector landlord names will not be shared.



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# Managing Rent Arrears

Once a tenant falls into arrears it immediately impacts on a business. Landlords have mortgage payments to make, insurance premiums to pay and maintenance costs to cover all of which are heavily reliant on the income from rent.

Here are some tips on how to handle rent arrears;

## **1) Prevention is better than cure!**

A robust tenant referencing system is the first step to preventing arrears. By doing your homework prior to making a decision on whether to let to a prospective tenant, it increases your chances of finding a tenant who will pay their rent on time and the credit history to give you the confidence that they are reliable. Always check the SWLA form 77 database to check that your prospective tenant has not previously left tenancies with rent owing to their landlord. If you have a tenant leave your property with rent owing, add to them to the database to warn other SWLA members. You can use an estate agent's tenant find service to give you peace of mind. There is also the option of using a tenant vetting service to complete the checks on your behalf, see the SWLA Trade Listing for further contact details.

## **2) Act fast**

It is much quicker and easier to nip arrears in the bud before they get out of hand. Therefore, we recommend that you should contact the tenant as soon as a payment is missed. Initially, keep this friendly and informal, but by acting swiftly, you will show the tenant that you are on top of the situation. Often the tenant will pay up soon after this.

## **3) Pre-action protocols**

There are various procedures you should follow in order to avoid going to court; which will save time and money. You should aim to give your tenant every chance to rectify the situation, which would be preferable for all concerned. You can arrange a payment plan with the tenant, request that housing benefit (if applicable) is paid directly to you, contact the guarantor if there is one in place etc. Regular and official contact is key, letters stating how much they owe and warning court action is often enough to ensure the arrears will be settled without the need for legal action.

## **4) Possession**

If the situation does not improve, gaining possession of your property is the next port of call to avoid the debt growing. You can issue a section 21 on accelerated possession to enable you to get new tenants in more quickly. However, this option is only available if the fixed term has ended. Alternatively, if the tenancy is still in the fixed term and the rent arrears are greater than two months, you may choose to use a section 8. If you are unsure which option to use, call the SWLA office and we will talk you through the procedures.

## **5) Legal action**

If you have sought possession on a section 8 there is the option to claim arrears at the hearing. However, if not, you will need to use the County Court Small Claims route. You are advised to use the online process, Money Claim Online. It is important to identify whether it will be worth your while, as it is a costly and time consuming process and there is no guarantee that you will get your money.

## Two-Thirds of Buy-to-Let Lenders Block Housing Benefit Tenants

66% of lenders representing approximately 90% of the buy-to-let market do not allow properties to be rented out to those claiming housing benefit, according to new research. The survey carried out by the Residential Landlords Association's (RLA) mortgage consultant 3mc featured some of the UK's largest buy-to-let mortgage lenders, including TSB, Virgin and NatWest.

Out of the 58 lenders contacted by 3mc with a hypothetical enquiry about a two-bedroom flat where the tenants were claiming housing benefit:

- 38 said they do not allow properties to be rented out to those in receipt of housing benefit
- 10 do allow properties to be rented out to those receiving housing benefit, although one of these is with the caveat that properties cannot be rented to "vulnerable tenants"
- Nine indicated that they are prepared to "consider" housing benefit claimants
- one indicated that it does not have a criterion related to housing benefit claimants.

"Some of the reasons given for not lending to those renting to claimants include concerns about rent not being paid and historic data which calculates the risk of tenants falling into arrears or facing repossession," said Doug Hall, director at 3mc.

The RLA is now calling on the next government to undertake an urgent review of the extent of lenders preventing landlords from renting to benefit claimants and hopes to see measures taken out which would help provide security for landlords and lenders.

"This research shows that the current benefits system is not working for tenants or landlords. Discrimination against tenants receiving benefits is not driven by landlords, but by the banking system. If the private rented sector is to house more people, then barriers to landlords making fair decisions over who they rent to must be removed. We need a system which gives tenants, landlords and lenders the confidence they need that rent will be paid on time and in full. All political parties need to trust tenants to know what is best for them and give them the opportunity to choose, without having to get into arrears, to have universal credit and benefit payments made directly to their landlord."

The news comes after the RLA called on the government to launch a new housing court to speed up legal decisions in the buy-to-let sector. *Article abridged from the RLA & Loan Talk*



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Call 01752221551 or email Colin Palmer, Senior Clerk, on [colin@kbgchambers.co.uk](mailto:colin@kbgchambers.co.uk)

## Rory Smith, Enigma Solicitors

Rory Smith is a highly experienced specialist in a wide range of disputes and their resolution. Rory can also recommend to you other law firms in Plymouth who will all offer free initial advice to SWLA members in other specialist areas.

Contact Rory on 01752 600567 or by email at [rls@enigmaw.com](mailto:rls@enigmaw.com) Enigma is located 5 minutes away from SWLA's office at Farrer Court, 77 North Hill PL4 8HB. The office is open 8:50 a.m. until 5:00 p.m. weekdays.

## Richard Gore Solicitor in Bristol

Richard is with Greg Latchams on 0117 9069424 and will support initial telephone calls to discuss your problems

## Rebecca Mabelle, Solicitor, Howard & Over LLP

Rebecca is a specialist in landlord and tenant issues and dispute resolution.

She is very happy to support SWLA members by offering free initial telephone consultations as well as ongoing legal assistance for more complex matters at competitive rates.

Contact her by phone – 01752 284053 – or email – [becca.mabelle@howard-over.co.uk](mailto:becca.mabelle@howard-over.co.uk)

# SWLA

South West Landlords Association

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Or visit our office in Dale Road, it is open week days from 10am to 3pm

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