

FACTSHEET – TENANCY DEPOSIT

Background

The requirement for deposits provided by assured shorthold tenants to be protected was brought into force on 6th April 2007.

From this date deposits taken by landlord on residential premises let under an Assured Shorthold Tenancy (where the rent is less than £25,000) must be placed in a government approved scheme.

Tenancy Deposit Protection is designed to ensure:

- The Tenant gets deposit back, when they are entitled to it
- Any disputes between you and your tenant will be easier to resolve

Schemes

There are two types of schemes:

- The **custodial scheme** is free to use. The landlord or agent simply puts the deposit into the scheme at the beginning of the tenancy.
- There are **insurance-based schemes** that insure the deposit. Under the insurance-based schemes the landlord or agent keeps the deposit, and pays a fee to the scheme to insure against their failure to repay money due to the tenant.

What you need to tell the Tenant

Within 14 days of taking the deposit, the landlord or agent must provide the tenant with details of how the deposit is being protected including:

- The contact details of the tenancy deposit scheme selected
- The landlord or agent's contact details
- How to apply for the release of the deposit
- Information explaining the purpose of the deposit
- What to do if there is a dispute about the deposit

Consequences

A landlord or agent will lose their automatic right to regain possession of the property at the end of the tenancy unless they have protected the deposit in a scheme and given the tenant information about how it is protected.

Also the tenant can apply to the local county court. The court can order the landlord or agent to either repay the deposit to the tenant or protect it in a scheme. If the landlord or agent has not protected the deposit, and they fail to do so within 14 days, they will be ordered to pay the tenant three times the amount of the deposit.