

Transparency - Best Practice for Letting Agents

Are your letting agent fees transparent?

To date, there is no direct regulation of how letting agents present their fees to the public, however, consumer protection legislation is in place generally. The Consumer Rights Act was introduced to tackle poor and illegal practices against consumers and came into effect on 27th May 2015.

The Act demands that all Letting Agents must display a comprehensive list of all fees, charges or penalties which are payable to the Agent by a Landlord or Tenant at any time before, during or after a tenancy.

The list must be displayed at any premises where the Agent comes face-to-face with an existing or potential customer. A customer walking into an Agent's office should be able to see a list without having to ask for it. The Agent must also publish a list of fees on their website (if applicable).

There is no legislation on the level of fee charged by the Agent, however, ill-defined terms such as administration costs must not be used and all costs must be subject to VAT.

The regulation of letting agent fees!

Still currently before Parliament, legislation is coming to ban most upfront fees charged by letting agents. The Bill is awaiting its final chance for amendments, scheduled for spring 2019.

This will apply to letting agents based in England as it is already in place for Scotland, Wales and Northern Ireland. We will update you accordingly once further details are provided!

Have you made it clear which Redress Scheme you have joined?

Further to the Government amendment to the Enterprise and Regulatory Reform Act 2013 on 1st October 2014, it became mandatory for letting agents to belong to an approved redress scheme such as ourselves. There are two redress scheme in the UK, The Property Redress Scheme and The Property Ombudsman.

The leading purpose of this requirement is to give consumers of a letting agent an alternative avenue to resolve their dispute before going to court if they believe the service they have received is sub-standard.

It is compulsory that letting agents must make it clear which redress scheme they are a member of in their offices by using a window sticker and on their website by displaying the redress scheme logo.

The display of our logo is not only a requirement of UK Law but also a Scheme condition. The Property Redress Scheme is not able to facilitate a partnership whereby a company cannot abide by our terms and they are not negotiable.

Making our terms of reference discretionary would be detrimental to our principals of fairness, transparency and impartiality.

Do your consumers know whether you have Client Money Protection?

Client Money Protection (CMP) is to protect client money, such as rents or deposits, held by lettings agents. The Member's clients are protected in the event that the Member misappropriates the client money held in the course of running their business.

From 1st April 2019 Client Money Protection will become a mandatory requirement. However it is already a legal requirement under the Consumer Rights Act 2015 to make clear to your consumers whether you have joined a CMP scheme or not. This should be publicised where fees are being displayed whether online or in an office. Silence on the subject is considered a breach of legislation.

What happens if I fail to comply with the above?

Local enforcement authorities can impose a fine of up to £5,000 on an Agent who has not published their fees, joined a redress scheme (and advertised which one) or stated whether they have CMP. The Letting Agent can be found liable for a fine for each and every office where this information is not visible and an additional fine if this information is not displayed via the letting agent's website.

There is no limit to the number of penalties that may be imposed on an individual Agent if they continue to be in breach of the legislation. Letting Agents should also ensure that they adhere to other existing consumer protection legislation.

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☎ 0333 321 9418 📧 info@theprs.co.uk 🌐 www.theprs.co.uk

Scheme Authorised by:



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