



# Tenant Fees Act 2019 - What to expect from my letting agent

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**Rt Hon James  
Brokenshire MP**  
Secretary of State for  
Housing, Communities  
and Local Government

“This government is determined to build a housing market fit for the future. Tenants across the country should not be stung by unexpected costs. That’s why we’re delivering our promise to ban letting fees, alongside other measures to make renting fairer and more transparent.”

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## WHAT IS CHANGING?

The Tenant Fees Act 2019 came into force on 1 June 2019. From that date it is illegal for letting agents to charge fees to tenants apart from a small number of exemptions that are referred to as ‘permitted payments’.

### **Permitted payments are:**

- Rent
- Utilities, communication services, TV licence and council tax
- Security deposits
- Holding deposits
- Default fees
- Fees for changing a tenant or ending a tenancy early



# WHAT FEES CAN YOUR LETTING AGENT ASK YOU TO PAY?

On new tenancies and renewals signed on or after 1 June 2019, and on existing tenancies from 1 June 2020:

Utilities, rent, council tax and TV licence	✓
A holding deposit	✓
A security deposit	✓
Default fees e.g. replacement key or charge for a late rent payment	✓
Fees for changing a tenant or ending a tenancy early	✓

Administration fees	✗
Application fees	✗
Set up fees	✗
Referencing fees	✗
Credit checks	✗
Guarantor fees	✗
Permitted occupier fees	✗
Right to Rent fees	✗
Contract negotiation fees	✗
Inventory charges	✗
Saturday move-in fees	✗
Check-in fees	✗
Check-out fees	✗
Renewal fees	✗
End of tenancy fees	✗



## **HOLDING DEPOSIT (PER TENANCY) — ONE WEEK'S RENT**

This is to reserve a property. Please Note: This will be withheld if any relevant person (including any guarantor(s) withdraw from the tenancy, fail a Right-to-Rent check, provide materially significant false or misleading information, or fail to sign their tenancy agreement (and/or Deed of Guarantee) within 15 calendar days (or other Deadline for Agreement as mutually agreed in writing).

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## **A CAPPED REFUNDABLE SECURITY DEPOSIT (PER TENANCY)**

Security Deposits cover damages or defaults on the part of the tenant during the tenancy. They are capped at no more than five weeks' rent where your total annual rent is less than £50,000, or six-weeks' rent where your total annual rent is £50,000 or above.

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## **UNPAID RENT**

Interest at 3% above the Bank of England Base Rate from Rent Due Date until paid in order to pursue non-payment of rent. Please Note: This will not be levied until the rent is more than 14 days in arrears.

## LOST KEY(S) OR OTHER SECURITY DEVICE(S)

Tenants are liable to the actual cost of replacing any lost key(s) or other security device(s). If the loss results in locks needing to be changed, the actual costs of a locksmith, new lock and replacement keys for the tenant, landlord or any other persons requiring keys will be charged to the tenant. If extra costs are incurred there will be a charge of £15 per hour (inc. VAT) for the time taken replacing lost key(s) or other security device(s).

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## VARIATION OF CONTRACT (TENANT'S REQUEST)

£50 (inc. VAT) per agreed variation. To cover the costs associated with taking landlord's instructions as well as the preparation and execution of new legal documents.

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## CHANGE OF SHARER (TENANT'S REQUEST)

£50 (inc. VAT) per replacement tenant or any reasonable costs incurred if higher. To cover the costs associated with taking landlord's instructions, new tenant referencing and Right-to-Rent checks, deposit registration as well as the preparation and execution of new legal documents.

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## EARLY TERMINATION (TENANT'S REQUEST)

Should the tenant wish to leave their contract early, they shall be liable to the landlord's costs in re-letting the property as well as all rent due under the tenancy until the start date of the replacement tenancy. These costs should be no more than the maximum amount of rent outstanding on the tenancy.





# EXISTING TENANCIES

If you entered a tenancy agreement before 1 June 2019, a landlord or agent will still be able to charge fees up until 31 May 2020, but only where these are required under an existing tenancy agreement. From 1 June 2020 fees included in an existing tenancy agreement become prohibited payments. Terms of contract referring to prohibited payments are unenforceable from this date. If a landlord or agent takes a prohibited payment after that date, they will have 28 days to return it or be considered in breach of this legislation.

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# WHAT IS AND ISN'T A NEW TENANCY?

The fee ban applies to Assured Shorthold Tenancies (ASTs), licences to occupy and tenancies of student accommodation. If your tenancy renews and a new contract is signed after 1 June 2019, then the letting agent can't charge any further fees and has to repay your check-out fee if this was taken at the start of the tenancy. However, if the tenancy continues after the end of the fixed term (what is known as a "periodic tenancy") then your letting agent can continue charging fees until 31 May 2020 when they fall due under the terms of your tenancy agreement.



# FREQUENTLY ASKED QUESTIONS

## DO I STILL HAVE TO PAY FOR MY REFERENCE?

No, reference fees cover the costs of checks made by a letting agent to gauge whether a prospective tenant will be able to afford the rent throughout the tenancy. On new tenancies from 1 June 2019, the costs of these checks will be met by the landlord.

## DOES THIS AFFECT MY SECURITY DEPOSIT?

Yes it does. For new tenancies signed on or after 1 June 2019, security deposits are capped at the equivalent of five weeks' rent (or six weeks if the annual rent is over £50,000). If you have paid a higher deposit for your existing tenancy, when you sign a new contract, the letting agent will have to refund, anything which is more than five weeks of the new rent.

## WHAT IF I WANT TO END MY TENANCY EARLY?

Where a tenant wants to leave their tenancy early, the agent is entitled to charge fees. If the tenancy agreement allows for one tenant to leave and another to take their place (a change of sharer) the agent can charge up to £50 (inc VAT) or their reasonable costs if higher. The agent will have to prove their costs are more than £50 if they charge more. If the tenant wants to leave altogether, the agent can charge their costs in re-letting the property up to the maximum rent still due under the tenancy.

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