

From June 1st 2019 any new AST will be severely limited on the fees that can be charged to tenants.

Note that this applies to landlords and agents; will also apply to all AST's after June 1st 2020 meaning any pre-existing fees cannot be enforced after that date.

Summary

- Limit tenancy deposits to five weeks' rent (6 weeks' for rents > £50k)
- Limit holding deposits to one weeks' rent
- Ban on most other payments
- Fines of £5,000 for first offence (civil); Fines of £30,000 for second offence (criminal)

All payments/fees will be banned (conditions apply, see below) apart from:-

1. rents;
2. deposits;
3. late rents fees;
4. lost keys;
5. permitted payments.

Any other fee **will not** be permitted.

Details

1. Rents have to be equally proportioned over the period. This means that it will not be possible to charge an initial high rent, then settling back. Thus if the rent is to be £600 over 6 months it has to be charged at a rate of £100 per month. It will be possible to charge a part month at the commencement and end of the let. Note if charging premium for pets must be clearly stated in the advert, e.g. without pets £800; with pets £850.

2. Deposits will be capped at:-
 - 5 weeks' rent for rents below £50k;
 - 6 weeks' for rents £50k and above.

Holding deposits will be capped at 1 weeks' rent, and can only be held for a maximum of 15 days, unless agreement to extend between the parties.

The holding deposit can be retained if the tenant:-

- pulls out;
- fails to take reasonable steps to enter into the tenancy;
- fails the Right to Rent check;
- provides false or misleading statements - ensure your application form is correct.

Note that only one holding deposit can be taken per tenancy.

See also flow chart in [guidance](#) (p 15).

The holding deposit has to be returned if:-

- the landlord or agent pulls out;
- the let goes ahead to a successful tenant

3. It will only be possible to charge a late rent fee at 3% over the Bank of England base rate (currently 0.75%). No other fees are allowed, including the cost of sending a letter. This rate can only be charged after the tenant has been in arrears for 14 days, but can be backdated to the start of the arrears.
4. You can charge for any lost keys, but only the cost of actually cutting the keys(s). Any other costs, e.g. petrol cannot. Can also charge for any extra keys requested by the tenant.
5. Permitted payments are:-
 - Council Tax;
 - Electricity, gas or other fuel;
 - water or sewage;
 - TV licence;
 - communication services (e.g. broadband charges)
 - change of sharer (capped at £50, or higher if can be justified)
 - early surrender of tenancy by tenant (generally, the costs charged for early termination must not exceed the loss incurred)

Penalties

Landlord (or agents) who charge illegal fees will face paying large fines. The first offence would be a civil offence, with a fine of up to £5,000. If the offence is repeated within five years, there would be a criminal offence with a fine of up to £30,000. Any Section 21 will be invalid unless unlawful fees are returned.

Either the Local Authority or the local Trading Standards can enforce the ban.

Government guidance can be seen [here](#). Ensure you look at the tenants guide as well as the landlords.