



Banning Letting Agent Fees Paid by Tenants

Consultation by the Department for Communities
& Local Government (DCLG)

Chartered Trading Standards Institute Response

2nd June 2017

[Banning letting agent s fees paid by tenants](#)

Part A Questions for all respondents

Question 1	
Do you think that the transparency measures introduced in the Consumer Rights Act 2015 have helped to drive up standards and improve competition?	
Please include reasons	
CTSI response	Yes

It is now a well established principle that in order for consumers to make informed purchase decisions they require material information that is clear, unambiguous and provided in a timely manner i.e. before they are contractually committed. The price is always material information for consumer services and that includes tenancy agreements.

Question 2

Do you agree that the ban on letting fees should also include a

Question 5	
<p>How can Government best support the sector to expand or develop new approaches to minimise the financial burden on a tenant at the outset of a tenancy?</p> <p>For example, enabling tenants to pay their deposit in instalments over the first few months of the tenancy or using a line of credit approach where an agreed deposit amount is blocked on a tenant's credit card.</p>	
CTSI Response	No comment

Question 6	
<p>Do you think holding deposits, to ensure that a property is taken off the market, should be capped? If yes please indicate the level of the cap</p>	
CTSI Response	Yes
<p>As per the answer to question 4 - a balance needs to be struck between competing interests. The level should not be punitive to the prospective tenant nor should it be insufficient and not protect the landlord's legitimate commercial interests. The level is likely to be an acceptable multiple/percentage of the monthly rent.</p>	

Question 7	
<p>Agents may occasionally provide bespoke, non-standard services to tenants at the top end of the market, for example, when arranging a property for someone currently living abroad who is relocating to the UK. Do you think there are premium parts of the market where a different approach to handling letting fees may be warranted?</p>	

Question 8
What do you think will be the main impacts of the ban on letting fees paid by tenants? Please include any unintended consequences that you believe may arise.
CTSI Response
The ban on letting fees should lead to a clearer price payable by tenants giving them confidence as consumers. In doing so it should also ensure the market works more effectively and lead to a corresponding increase in standards and effective competition within the sector

Question 9
Do you agree that the ban on letting fees should be enforced by Trading Standards? If not, how do you believe the ban should be enforced?
CTSI Response

Yes

Trading standards services are well placed to enforce the ban on letting fees as they will have an in-depth local knowledge of the landlords and letting agents within their area. This means they can communicate the new ban more effectively and take proportionate enforcement action wherever appropriate whether that involves responding to complaints or carrying out specific projects to ensure compliance

However, the points made in our response to question one bear repeating here. Trading standards services are stretched to breaking point following unprecedented cuts in local government funding - especially in the last 7 years where their capacity has more than halved. This has led to gaps in provision across the country and differing local priorities set against local, regional and national enforcement issues. The Government acknowledges that trading standards will require additional support in order to ensure the measures are effective. That should come in the form of additional funding for services to carry out the necessary work on enforcing the ban within their area. The

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Question 10	
Would you support greater data sharing on rogue agents and landlords across organisations in the letting sector?	
CTSI Response	Yes
Intelligence led enforcement should underpin the new ban and wherever legally possible intelligence should be shared across the sector.	

Question 11	
Would you support the introduction of a lead enforcement authority for letting agents to develop advice, standards and guidance and to share information? Please include reasons.	
CTSI Response	Yes
In order for the proposed ban to be effective it will require specific prioritisation and funding. A lead agency/authority providing appropriate advice standards and guidance would be a necessary step to ensuring the correct coordination of enforcement by local trading standards services provided the lead authority and local services are given the necessary support and resources from the Government.	

Question 12	Answer a) b) c) and/or d)
Do you think that the penalty for non-compliance with the ban on letting fees for tenants should be (please tick all that apply):	
<ul style="list-style-type: none"> a) a civil penalty of up to £5,000 in line with the penalty for non-compliance with the requirement to belong to a Government -approved redress scheme or non-compliance with the transparency requirements of the Consumer Rights Act 2015; b) a civil penalty of up to £30,000 in line with the civil penalty for committing a banning order offence; c) a banning order offence under the Housing and Planning Act; or d) Other (please list)? 	
CTSI response	b, and c.

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