

TENANCY DEPOSIT SCHEME (TDPS) THE FACTS



The Tenancy Deposit Scheme forms part of the legislation implemented under the **Housing Act 2004**. It will start on **06.04.07** and will apply to all new Assured Shorthold tenancy agreements from this date.

The Purpose of the TDPS

To ensure good practice in deposit handling, so that when a tenant pays a deposit, and is entitled to get it back, they can be assured that this will happen.

To assist with the resolution of disputes by having an alternative dispute resolution service (ADR).

For Landlords & Tenants to have a clear understanding on the condition of the property through best practice.

e.g:

- use of clear inventories with photographs
- agreement on condition of the property
- timescales for dealing with deposit release

Different types of Tenancy Deposit Schemes

Government Scheme

The Dispute Protection Service (The DPS) run by **Computershare Investor Services** will be free to use for both Tenants and Landlords. Landlords cannot hold the deposit under this Scheme.

Insurance based Schemes

Tenancy Deposit Solutions Limited company jointly owned by the National Landlords Association & Hamilton Fraser Insurance (HFIS plc)

The Dispute Services Limited*
(ARLA BACKED)

***Leaders will be opting for this scheme**

Penalties for non-compliance

All Landlords must comply with these regulations. Penalties for not complying are harsh -

- * The Court will order repayment of the deposit to the Tenant and the Landlord will have nothing
- * The Court will further order 3 times the deposit to be paid to the Tenant by the Landlord as compensation for not holding it correctly in the first place
- * The Court could order further costs
- * The Landlord forfeits the right to serve a Section 21 Notice. Landlord's will only be able to repossess his property by surrender by the Tenant or if the Tenant significantly breached the Agreement.

What happens to current tenancies?

- * All new Assured Shorthold Tenancies which come into being after 06.04.07 must be written under the scheme.
- * Existing Tenancies renewed in writing after 06.04.07 must be included within the Scheme.
- * We can continue to hold deposits for existing tenancies as Landlord's Agent until they expire.

Summary of TDPS Facts

- * Landlords will be required to join a statutory tenancy deposit scheme, if they take money as a deposit.
- * This will mean Tenancy deposits are safeguarded
- * Tenants will get all or any undisputed part of their deposit back promptly if they have kept the property in good condition and are entitled to get their deposit back (no rent is owed etc)
- * Both Tenants and Landlords are then offered, on any disputed sum, an Alternative Dispute Resolution service (ADR) which aims to be faster and cheaper than taking court action.

