

# What will a letting agent do?



## Credit check

Most landlords want a credit check completed on new tenants to show that they can afford the rent. The landlord/agent will need written permission from you to complete the check and obtain information on your credit history and rating. Be honest with an agent or landlord if you have a low credit score as you may be able to negotiate a larger deposit or use a guarantor. You may risk losing your fees if you fail the credit check.

You can check your own credit record through a number of online companies.

## References

The landlord or agent may request details of where you have lived for the past few years and contact details of your previous landlords.

Landlords may request references from your employer or ask you to supply your bank details and proof of income and affordability.

If you are renting for the first time, your landlord might accept a reference from a parent/guardian or a recognised professional who knows you.

Some landlords interview prospective tenants or use a tenant referencing service, which will make checks and enquiries of a prospective tenant on a landlord's behalf. Some landlords and referencing services will ask tenants to pay a fee for using the service and this is often non-refundable even if it doesn't lead to a tenancy.

## Agency fees

It is a criminal offence for an agent to charge you for supplying lists of available property or registering your requirements with them. This service should always be free of charge.

Letting agents are now required to display fees, charges and penalties payable in arranging a tenancy and managing a property. These fees must be displayed in a prominent position in every office where they deal with clients and on their website. If you are concerned about a letting agent who isn't complying please contact the Private Sector Housing Team on 013892 265147 or email [privatesectorhousing@exeter.gov.uk](mailto:privatesectorhousing@exeter.gov.uk).

It is important that you understand the fees that an agent charges before agreeing to rent a property. It is likely that fees are non-refundable if you change your mind or don't pass the pre-tenancy checks.



Remember that the deposit is your money and if at the end of the tenancy you have paid all your rent and not caused any damage to the property the full amount should be returned to you.

## Holding Deposit

Some agents require a holding deposit to secure a particular property whilst the tenancy checks are completed. This is usually equal to a week's rent. The holding deposit should be returned when you sign the tenancy agreement or sometimes used as payment towards your tenancy deposit or rent in advance.

Before paying a holding deposit you should have written confirmation detailing under what circumstances the holding deposit would not be refunded or if any charges are to be taken from it.

A holding deposit commits you to taking up a tenancy. Never pay a holding deposit unless you are certain about the tenancy, it may not be returned simply because you change your mind.

## Tenancy Deposit

Once the checks have been completed and the agent or landlord agrees to you renting the property it is likely that you will need to pay a tenancy deposit. This is usually equivalent to a month to two month's rent but there is no legal limit on the deposit amount. The agent/landlord has a legal requirement to protect your tenancy deposit in one of the three government approved tenancy deposit schemes.

Since April 2007 any deposit taken from a tenant on an Assured Shorthold Tenancy must be protected in a government approved deposit protection scheme.

- Deposit Protection Service
- MyDeposits
- Tenancy Deposit Scheme

This must take place within 30 days of a landlord or agent receiving your deposit.

You should receive notification that your deposit has been received and information about how it has been protected.

The tenancy agreement should tell you what the tenancy deposit covers. Usually a tenancy deposit is used to repair any damage or unpaid rent at the end of the tenancy.



## Smart Deposits

With Smart Deposits you pay a fee for an insurance policy that covers damage to the value of two months' rent rather than a lump sum to the landlord. This is a non-refundable payment unlike a tenancy deposit. You may have to pay a lump sum for the policy or a monthly amount on top of your normal rent payment. Smart deposit payments do not have to be protected in one of the government approved deposit schemes.

The benefit is that the amount you pay will be less than a tenancy deposit but you don't get any of the money back. If at the end of the tenancy there is unpaid rent or damage to the property the insurance company will pay out to the landlord. Some policies may require you to repay any money paid to the landlord to the insurance company so make sure you know what policy you are agreeing to and the terms and conditions.

## Rent in advance

Rent in advance is the payment of rent at the start of the tenancy for the month ahead. If you have a poor credit record the landlord/agent may ask you to pay more than a month's rent in advance and ask for a larger amount. Make sure you get a receipt for any money you have paid in advance.

Rent in advance is not the same as a tenancy deposit which a landlord uses as a guarantee against property damage or unpaid rent. It is simply an advance payment of the rent due to the landlord. At the end of the tenancy you will pay rent up to the month before the end of your tenancy. If you paid two month's rent in advance you will pay rent up to two months before the end of your tenancy etc.

## Using a guarantor

You may need to use a rent guarantor if you are renting for the first time or cannot prove that you have a regular source of income. The guarantor agrees that they will pay the rent if you are unable to do so.

The guarantor is usually required to be a UK resident and own a property. They sign a legal document agreeing to cover the rent on your rented property if you are unable to do so. Therefore it is very important that they understand completely what they are agreeing to and what they may be liable for in the future.