

## **Attention all Residential Landlords who let Premises on Short Term Tenancies**

The Tenancy Deposit Scheme (“the Scheme”) introduced through the Housing Act 2004 is proposed to come into force on 6<sup>th</sup> April 2007. The Government wants to ensure that tenants’ deposits are protected so they get all or part of their deposit back when they are entitled to it, any disputes which may arise between tenants and landlords are easier to resolve and to encourage tenants and landlords to make a clear agreement from the start on the condition of the property. The tenant will pay their deposit as usual and then the landlord (or agent) must pay the deposit into one of the Government authorised schemes to be held there until the end of the tenancy.

Once formed the Scheme affects all deposits paid to or held on behalf of a Landlord as security for performance of any obligations of the Tenant or the discharge of any liability by him arising under or in connection with the tenancy. The Scheme requires that the deposit must be placed within an authorised scheme within fourteen days of receipt of the money by or on behalf of the Landlord.

The Scheme also requires that, provided there is no dispute at the end of the tenancy, the deposit must be refunded in full together with interest at a rate which is to be set by the Government.

A Tenant is entitled to certain prescribed information regarding the Scheme into which his deposit has been placed.

Failure to adhere to any part of the Scheme gives the Tenant the right to apply to the Court for an Order requiring repayment of the deposit or the payment of it into an authorised scheme.

You should note that the Court must order the Landlord to pay a sum of money equal to three times the amount of the rent deposit as a penalty payable for non-compliance with the Scheme.

You should also note that a Landlord’s right to serve notice requiring possession of the tenancy is restricted while the provisions of the Scheme are not adhered to.

If you require any further information or advice about the Scheme please contact Caroline Walton on 01306 502215.