

# A state of disrepair

Why renters deserve a better deal



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# Contents

<b>Summary</b>	2
<b>Research Method</b>	5
<b>1. Who are the private renters of today?</b>	6
<b>2. Three problems faced by private renters</b>	10
1. Properties are often in poor condition	11
2. Renters lack even medium-term security	16
3. Renters struggle with unfair costs and practices	18
<b>3. What does a better deal look like?</b>	21

# Summary

**Following the Autumn Statement and recent housing white paper, the spotlight is firmly on the private rented sector. The announcements that letting agent fees will be banned and family-friendly tenancies promoted send a powerful message that this government is willing to act to fix the broken housing market. But these changes, while welcome, provide little immediate respite to renters facing broader problems in the sector. While private renting has grown, improvements in quality, security and rights have lagged behind. This report shows how the government could act to improve the lives of the 4.3 million households in private rented accommodation.**

For people struggling to make ends meet, expensive outgoings are as debilitating as limited income. Housing is the largest outgoing most people will have in their lifetime. As rents have risen, increasing numbers have been spending unaffordable amounts on rent. The government's analysis suggests an average couple in the private rented sector spends roughly half of their salary on rent.<sup>1</sup> Despite this, private renters are severely underprotected, with more rights buying a toaster than renting a home. Moreover, a high price doesn't mean high quality. Many tenants are left paying too much for a product that is not fit for purpose.

With home ownership increasingly unaffordable, private renting is becoming a long-term tenure for many. The gap between aspirations of home ownership and expectations is growing. 4 in 5 private renters (79%) would rather own a property but feel unable to get on the housing ladder. More than 2 in 5 private renters (43%) don't expect to ever be able to buy.<sup>2</sup> The profile of renters has also shifted in the last 20 years. They are older, earning more, and more likely to be raising children than a decade ago. In the government's drive to support just managing families, it is important to recognise that renting is central.

Citizens Advice welcomes the positive steps that the government has taken to improve private renting. Protections are being put in place to help renters avoid rogue landlords. There has also been a signal of intent that tenants should be better compensated when they are let down - something we take for granted in most other consumer markets.

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<sup>1</sup> Sky News, [PM in bid to tackle high rental costs as housing strategy switches focus](#), February 2017

<sup>2</sup> DCLG, [English Housing Survey 2014 to 2015: private rented sector report](#), July 2016

In 2009, and again in 2015, our research found that renters suffer from rip-off charges, unacceptable maintenance, and weak consumer protections.<sup>3,4</sup> While progress has been made, our research has found 3 key areas where renters still struggle:

**1. Renters often live in poor conditions**

More than 7 in 10 renters have experienced health and safety issues during their current tenancy, from rodent infestations to doors that don't lock. In 4 in 10 of these cases, the issues were present when the tenant moved in. As a private tenant, you are more likely to have 3 or more health and safety issues during your current tenancy than none at all. A third of renters spent time or money fixing the issues, but only half of them were partially or fully refunded. Those on the lowest incomes are the least likely to be refunded. 40% of renters have avoided asking for repairs because they are worried about their landlord's reaction.

**2. Renters lack even medium-term security**

9 in 10 renters are offered initial tenancy contracts of 12 months or less, including 2 in 5 with a contract of 6 months or less.<sup>5</sup> A third want a longer tenancy, even without the option of a break clause, rising to 2 in 5 of those with children. 3 in 5 parents find it hard to plan for the future because they know they may be asked to move at short notice.

**3. Renters struggle with unfair costs and practices**

Renters still lack some basic protections. Fees have risen far faster than inflation (60% in 5 years<sup>6</sup>), and differ wildly between agencies. 1 in 20 renters have lost money due to letting agent bankruptcy or fraud. Almost 11,000 tenants have come to Citizens Advice about problems with tenancy deposit protection in the past 12 months. When things go wrong, it can be a struggle to uphold existing rights and access redress.

Broader issues, such as the supply of new homes clearly have an impact on the costs renters face. However, this research focuses on the experience of private renting. In this report we set out how the government could address these challenges and provide much-needed quality, stability and rights.

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<sup>3</sup> Citizens Advice, [Let Down](#), May 2009

<sup>4</sup> Citizens Advice, [Still Let Down](#), March 2015

<sup>5</sup> DCLG, [English Housing Survey 2014 to 2015: private rented sector report](#), July 2016

<sup>6</sup> *Ibid.* The median letting agent fee paid in 2014-15 was £200, compared to £125 in 2009-10.

## Recommendations

### Reasonable quality

To help tenants uphold their rights, the government should **publish guidance to landlords on the maximum acceptable timescales to complete repairs.** Action has already been taken on retaliatory eviction, but the government should **amend the Civil Procedure Rules so Section 21 court hearings can be adjourned where the tenant's defence is disrepair,** but Environmental Health has not yet inspected the property. So that tenants' health or safety is not compromised by poor quality homes, **local authorities should have the power to ban landlords who repeatedly fail to fix disrepair,** including in situations where multiple tenants have received compensation for disrepair relating to the same landlord.

### More stable tenures

So that renters have the security and flexibility they need, the government should **introduce 3 year family-friendly tenancies for all private rented sector tenants, with a rolling break clause for tenants.** This will build on the positive but limited announcement of some 3 year 'family-friendly tenancies' in the Housing White Paper. Private renters should be confident they have enough time to move if they are evicted without being at fault. The government should **extend the notice period landlords are required to give for a no-fault eviction.**

### Greater renters' rights

The market should work fairly for renters, with **a complete ban on any fees to tenants enacted as soon as possible.** The PRS lags behind other consumer markets by not requiring protection if a letting agent goes bankrupt or acts fraudulently. **Introducing mandatory client money protection** will protect both landlords and tenants. Tenants struggle to uphold their rights because of complex, lengthy and expensive options for redress. The government should **develop non-court based routes to redress between tenants and landlords.**

An ambitious shake-up of the private rented sector should be a priority and there are a number of opportunities for the government to act. The recent housing white paper acknowledged that private tenants need more security and offered some promising long-term solutions. This research shows the challenges that private tenants are facing now and the government should do more to address these in the short term. The Consumer Green Paper, expected in the Spring, is an opportunity for the government to fix markets that don't work for consumers - whether it's poor-quality service, sub-par products or trouble getting refunds - both in the private rented sector and beyond.

# Research method

The Citizens Advice service covers England and Wales. As housing is a devolved matter, this report focuses on England.

Citizens Advice conducted an online survey with 2,001 renters in England who reflect the private rented population. All have begun a new tenancy since May 2015. The survey was hosted by YouGov, and took place between 2 and 12 December 2016. Where no reference is cited for a statistic, the data is derived from the YouGov survey.

This report includes data from the Citizens Advice network in England. Last year, the Citizens Advice network helped 2.7 million people with 6.2 million issues. In addition, our website pages had 36 million visits. Nearly 75,000 people have come to Citizens Advice in England over the past 12 months with a private rented sector issue. We also reviewed anonymised notes from advice sessions held across local Citizens Advice on private rented sector issues over the past 12 months. All names used in this report have been changed.

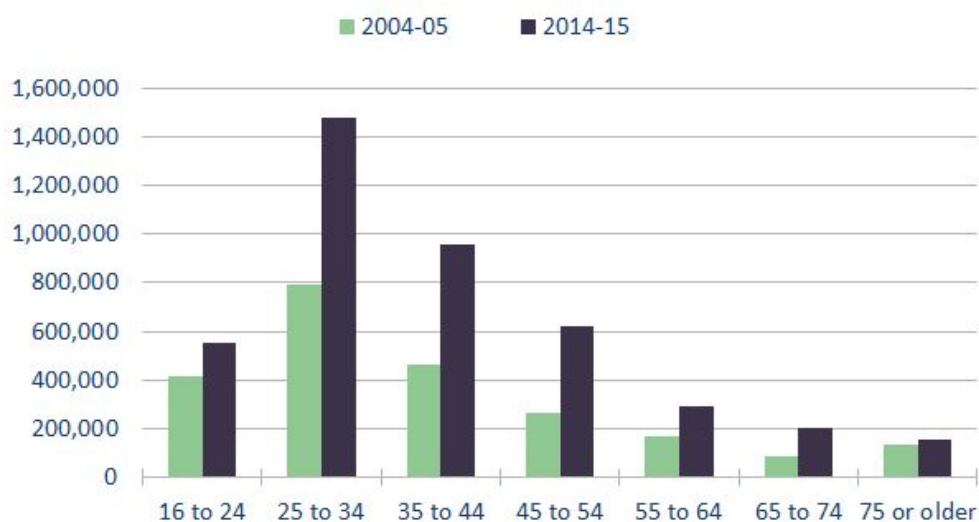
# 1. Who are the private renters of today?

The private rented sector (PRS) has expanded rapidly. As the sector has snowballed, the profile of the average renter has shifted. Today, renters are more likely to have children at home, more likely to be in work, and are more evenly spread across the income spectrum than 20 years ago.

The government has said it wants to make life easier for those who 'just about manage but... worry about the cost of living'.<sup>7</sup> These individuals and families are not rich, but they are also not the poorest in society. Despite mostly being in work, day-to-day finances can be a struggle. In a recent report<sup>8</sup>, we found that private renting was one of the biggest issues faced by the 700,000 working people Citizens Advice helped last year.

Private renting is at an all-time high. The number of private renters has more than doubled in the last 20 years, and now amounts to a fifth of England's households.<sup>9</sup> This comes from both home ownership being less affordable and the supply of social housing declining.<sup>10,11</sup> The result is a change in demographics: while there's an increase in numbers of private renters in every age group, the biggest increase is among 25 to 55 year olds - those who historically would have been moving onto the housing ladder.

**Figure 1: Number of private rented households**



English Housing Survey 2014 to 2015: Private Rented Sector report.

<sup>7</sup> PM's Office, [Statement from the new Prime Minister Theresa May](#), July 2016

<sup>8</sup> Citizens Advice, [Just About Managing](#), November 2016

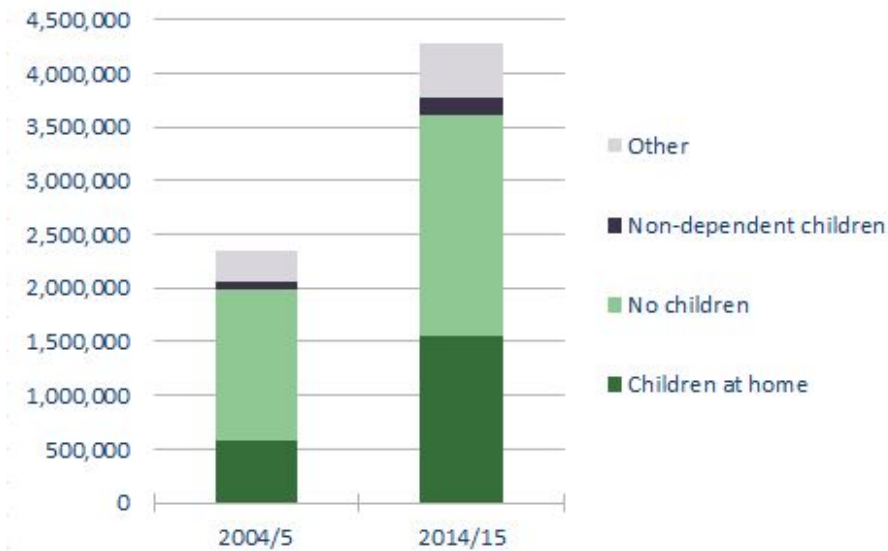
<sup>9</sup> NAO, [Housing in England: Overview](#), January 2017

<sup>10</sup> ONS, [UK House Price Index England](#), January 2017

<sup>11</sup> NAO, [Housing in England: Overview](#), January 2017

1.5 million households, 3 times the number a decade ago, now raise children in the sector. That's nearly 2 in 5 private rented households (36%), up from a quarter (25%) only a decade ago.<sup>12</sup> Similarly, 2 in 5 clients (39%) who come to Citizens Advice for private rented sector issues have dependent children at home.

**Figure 2: Type of households privately renting**



English Housing Survey 2014 to 2015: Private Rented Sector report.

The proportion of those on middle incomes in the PRS has grown, and more than 1 in 10 renters are in the top fifth of earnings.

**Figure 3: Income distribution in private rented households**



English Housing Survey 2014 to 2015: Private Rented Sector report.

<sup>12</sup> DCLG, [English Housing Survey 2014 to 2015: private rented sector report](#), July 2016



It's not just the profile of renters that is changing. Private renting has also shifted from a temporary tenure to a much more permanent one, with 2 in 5 (43%) renters now reporting that they never expect to be able to buy.<sup>13</sup> This is out of necessity rather than choice. 4 in 5 (79%) private renters would rather own their own home but feel unable to get on the housing ladder. By contrast, only 1 in 10 (10%) do not want to buy a home and would prefer to continue renting, dropping to 1 in 14 renters (7%) with children at home.

### **What steps has the government already taken?**

Over the past 2 years the government has increased its efforts to improve the PRS. Many of these changes have improved conditions and rights for renters. In particular, we welcome the following changes:

- Landlords and agents must put tenants' deposits in a protection scheme within 30 days of receiving it and return within 10 days (2004<sup>14</sup>, 2015<sup>15</sup>)
- Rent repayment orders: Landlords can be made to repay up to 12 months rent if they rent out larger houses in multiple occupation without a licence (2004)
- Section 21 notices are invalid if the landlord hasn't provided tenants with an energy performance certificate, gas safety certificate or a 'How to rent' guide (2015)
- Preventing retaliatory eviction: Section 21 notices are invalid if issued within 6 months of the landlord being served an Improvement Notice or Emergency Remedial Action Notice by the council (2015)
- Introduced a compulsory form landlords for issuing Section 21 notices (2015)

### **What is the government planning next?**

The government has also announced a number of measures that have not yet come into force, mostly aimed at tackling rogue landlords:

#### **Housing and Planning Act 2016**

- Banning orders: landlords or property agents can be banned for at least 12 months if they commit a banning order offence. These were recently consulted on (October 2017)
- Database of rogue landlords and property agents (October 2017)

<sup>13</sup> DCLG, [English Housing Survey 2014 to 2015: private rented sector report](#), July 2016

<sup>14</sup> [Housing Act 2004](#), November 2004

<sup>15</sup> [Deregulation Act 2015](#), March 2015

- Civil penalties of up to £30,000 as an alternative to prosecuting landlords for local authorities (April 2017)
- Rent repayment orders (RROs): An RRO enables a tenant to reclaim part or all of their rent for specific issues. This act expanded RROs to include landlords who use violence to secure entry, unlawfully evict or harass tenants, fail to comply with an improvement notice or prohibition notice, or breach a banning order (April 2017)
- Gives ministers the power to make client money protection mandatory and to require landlords to meet electrical safety standards

**2016 Autumn Statement announcement:**

- Announced a ban on letting agent fees to tenants, to be implemented “as soon as possible”.

**Housing white paper 2017:**

- Build-to-rent developers to be encouraged to offer ‘Family-friendly tenancies’ to all tenants. These are 3 year tenancies with a 1 month rolling break clause for the tenant after the first 6 months.

If enforced properly, these changes may help tenants avoid some of the worst offenders and most exploitative costs. They may even mean some tenants get more security. But the recent legislation, white paper and fee ban won't deal with the poor conditions, insecure lets, and hard to exercise rights faced by the majority of renters.

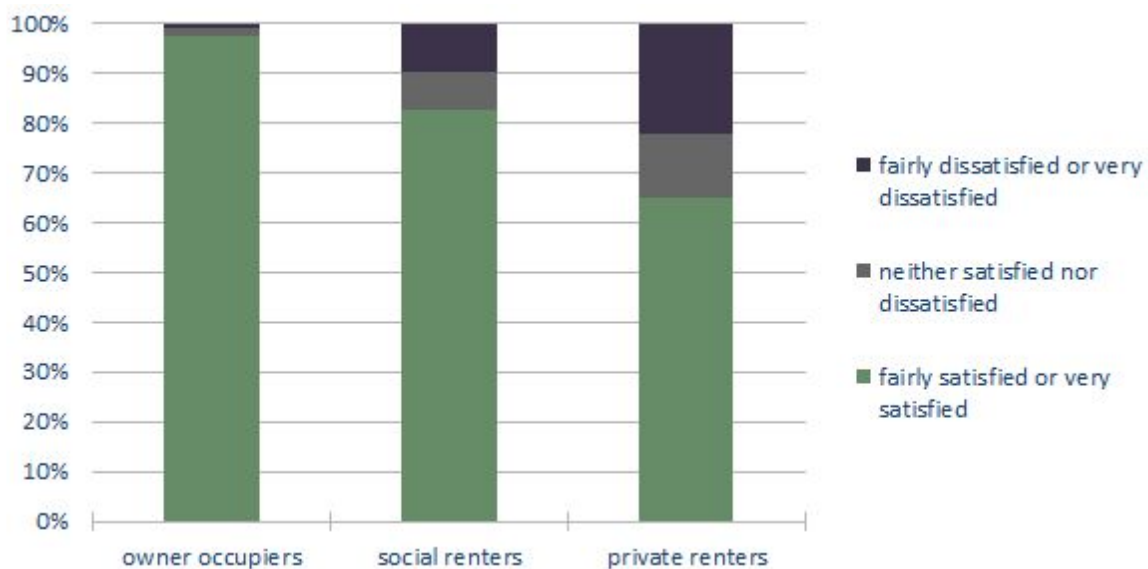
## 2. Three problems faced by private renters

The government has taken major steps towards tackling the scourge of rogue landlords. Now the rest of the sector deserves the same attention. It is too common for private renters to live in homes that put their health and safety at risk, to worry about how long they can stay in their home, and to be hit by unfair costs.

In the last year we have helped nearly 75,000 people in England on a range of private rented sector issues. This is far more people than for other types of housing. While some of the issues we see are extreme examples of malpractice, such as illegal eviction or harassment by landlords, many people come to us struggling to exercise basic rights over repairs or getting back their deposits.

Those seeking advice are not solely at the mercy of a small number of rogue landlords, or a minority of letting agents who do not abide by regulations. More broadly renters face a bad deal of short tenancies, few rights, poor quality property, rising costs and non-optional fees. Satisfaction rates haven't budged in the last 20 years - with private renters far less satisfied than owners or social renters.

**Figure 4: Satisfaction with tenure**



English Housing Survey 2014 to 2015: Private Rented Sector report.

Our research shows 3 major issues for renters: quality, security and rights.

# 1. Properties are often in poor condition

Tenants come to Citizens Advice with repairs and maintenance issues more frequently than for any other PRS issue. Over the past year we have helped private renters with more than 16,000 cases relating to repairs and maintenance

Around a third of homes in the PRS are 'non-decent', compared with 14% of social housing.<sup>16</sup> A 'decent home' offers a reasonable state of repair, warmth and facilities and meets the statutory minimum standard. The statutory minimum requires landlords to maintain the structure and exterior of a home, including fittings like sinks and boilers, and the use of essentials like water, heat and gas.<sup>17</sup>

## Most renters experience poor conditions

We asked renters whether they have experienced any of 6 problems with conditions during their current tenancy:

- Damp or mould growth
- Heating broken or not working well enough to heat adequately
- No hot or cold water
- Insecure or unlockable windows or doors
- Rodents or other infestation
- Faulty wiring

7 in 10 renters (71%) have experienced 1 or more of these health and safety problems during their current tenancy. This rises to 3 in 4 (74%) households with children - among the most vulnerable to hazards. Over half of households raising children (56%) have had 2 or more problems during their current tenancy, compared with 40% of households without children.

This is not simply a case of renters allowing properties to fall into disrepair, with many renters reporting that they moved into properties with problems. For instance, more than 1 in 5 tenants (22%) move into homes with existing damp or mould growth and 1 in 10 renters (9%) find faulty wiring.

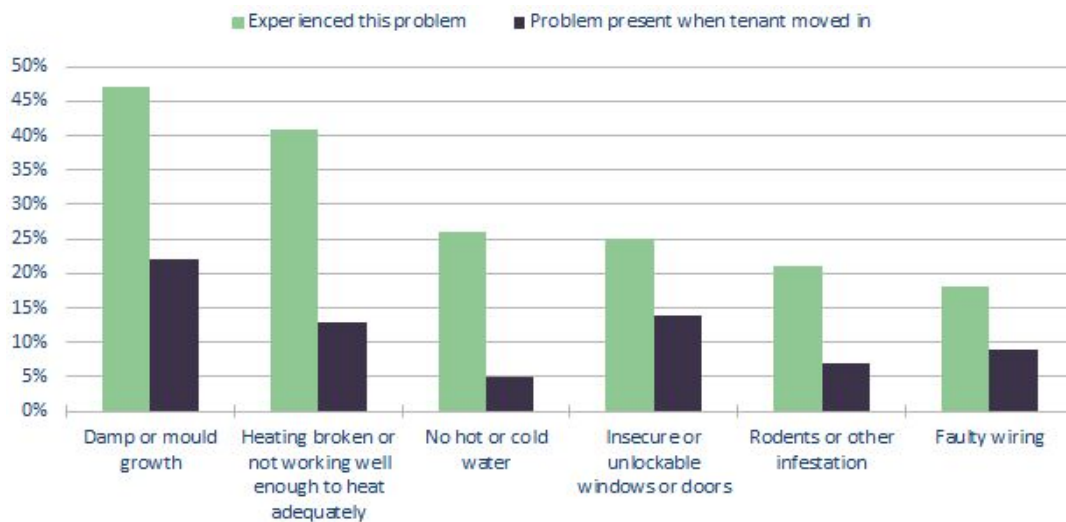
Families with children are consistently more likely to move into a home with a problem, across all 6 categories, than those without children.

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<sup>16</sup> NAO, [Housing in England: overview](#), January 2017

<sup>17</sup> [Section 11, Landlord and Tenant Act 1985](#), October 1985

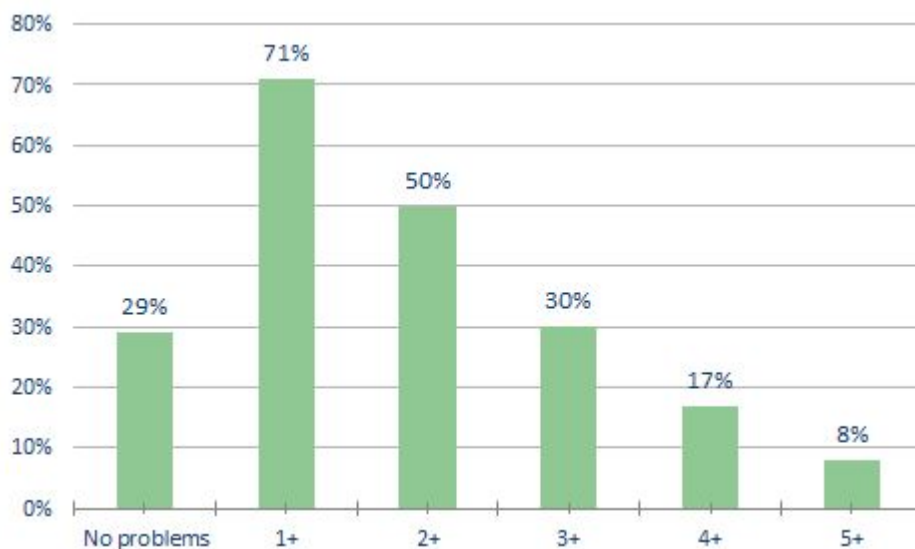
**Figure 5: Percentage of renters who experienced these problems during their current tenancy, and presence of problem upon moving in**



YouGov survey for Citizens Advice, November 2016. Base: all.

Private tenants are more likely to have 3 or more of these 6 health and safety problems during their current tenancy than none.

**Figure 6: Percentage of renters who have experienced health and safety issues during their current tenancy (of the 6 categories above)**



YouGov survey for Citizens Advice, November 2016. Base: all.

### Some landlords fail to respond quickly

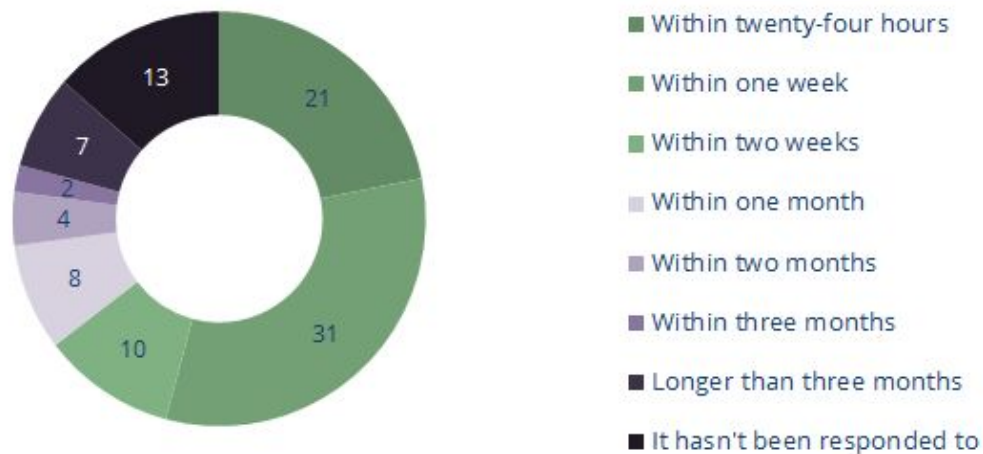
Retaliatory eviction provisions give a landlord 2 weeks to provide a satisfactory reply to a tenant’s complaint, setting out how they will carry out the repair.<sup>18</sup> Of those tenants who have had repairs or maintenance issues - including both

<sup>18</sup> DCLG, [Retaliatory Eviction and the Deregulation Act 2015: A guidance note](#), October 2015

simple repairs and health and safety hazards - 6 in 10 (62%) said their landlord responded within this time.

However, 1 in 5 (21%) did not receive a response within 2 weeks, and 1 in 8 (13%) haven't had any response from their landlord. Tenants in the North of England have the least responsive landlords, with more than 2 in 5 (42%) landlords failing to respond within 2 weeks.

**Figure 7: How quickly repairs problems were responded to**



YouGov survey for Citizens Advice, November 2016. Base: Those who had experienced a problem during their tenancy (1,561)

Tenants come to us for advice on unresponsive landlords regularly, such as this case from the South West:



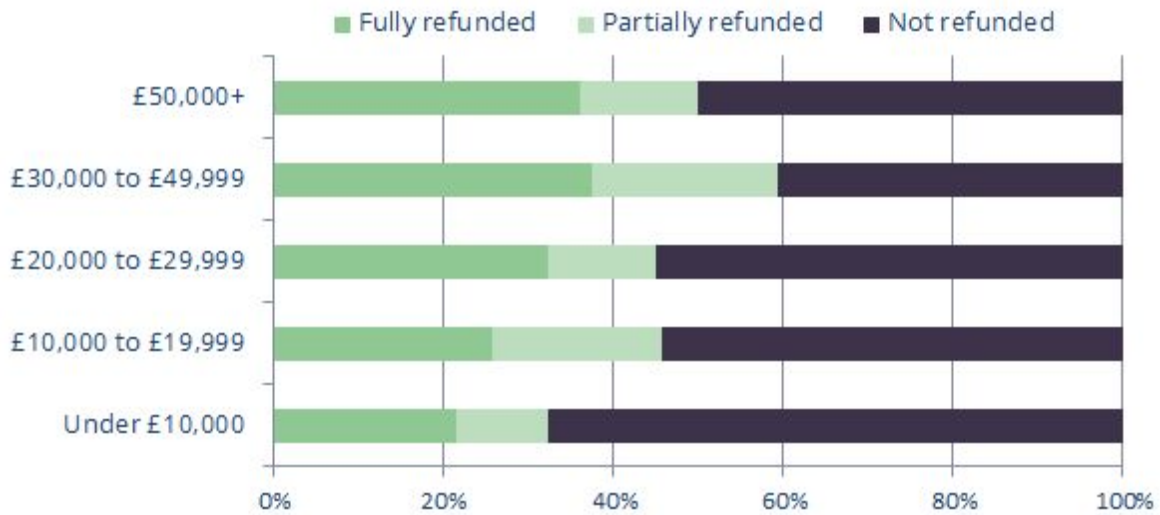
Liv<sup>19</sup> and her 2 young children live in a property that is in disrepair, but the landlord refuses to arrange repairs. To contact the landlord, Liv has to go via a letting agent, who struggles to reach the landlord. The family experienced a break-in that left the front door broken, which the landlord took 6 months to fix. Liv had to ask a friend to board up the door and use a chain to keep her family and home secure. There are still serious draught problems as the front and back doors don't shut properly. This makes it difficult and expensive to heat the property, and mould is growing. Liv is severely depressed and the stress of the situation has only made her health problems worse.

<sup>19</sup> Client names have been changed throughout this report to ensure anonymity

## Many tenants are left out of pocket

Of the private renters who came to us with problems, a third (34%) had to spend their own money or time fixing the issue. Of these, only half (50%) were either partially or fully refunded. Less than a third (32%) of those from the lowest income groups received any form of refund.

**Figure 8: Whether those who spent time or money fixing a problem with their property were refunded or compensated, by income group**



YouGov survey for Citizens Advice, November 2016. Base: Those who had spent time or money remedying a problem during their tenancy (531)

## Many tenants worry about raising disrepair

40% of renters facing problems with their property have avoided asking for repairs or complaining because they were worried about their landlord's reaction, and this is even more common amongst parents:



In addition, since the retaliatory eviction legislation was introduced in October 2015, 14% of renters have felt penalised for asking for repairs or complaining about the conditions in their home.

Citizens Advice sees cases like this regularly:



Jane approached her local Citizens Advice in the South West about her landlord, who is neglecting much-needed repairs to her home. She is a single mum of 3 young children and has lived in the house for 4 years. For most of the tenancy, every bedroom in their home has had major mould and damp. This has led to breathing problems for Jane and her children. In the past, when Jane raised repairs issues with the landlord, she has been told to either repair it herself or leave the tenancy. She has repaired some problems, leaving her out of pocket. Whilst Jane wants to have the mould and damp problem fixed, she is worried about talking to her landlord about it. She is not sure she can afford the cost of moving and is worried about uprooting her children.



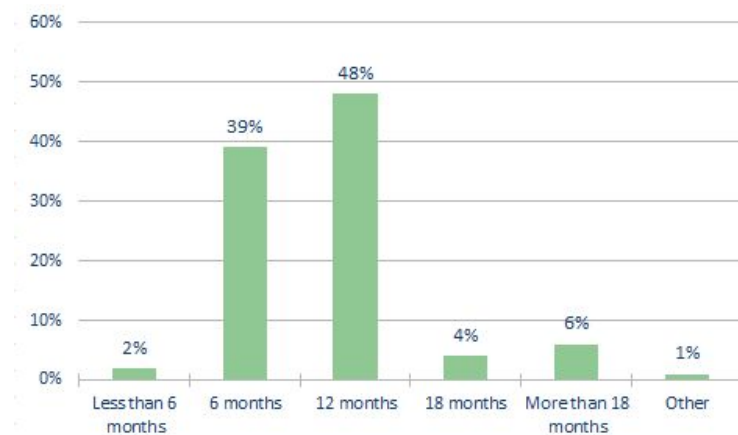
Ayesha approached her local Citizens Advice in Yorkshire. Ayesha and her family have been living with no hot water or heating in the house for 10 months. This has resulted in very damp conditions and extensive mould. Their bedding and furniture is permanently damp. Ayesha has repeatedly raised the problems with the landlord who says he will take action, but never does. She has a periodic tenancy and can therefore be evicted at short notice. Fear of becoming homeless has prevented her from taking further action.



## 2. Renters lack even medium-term security

Almost 9 in 10 (89%) renters are offered short-term initial tenancy contracts of 12 months or less.<sup>20</sup> Following this fixed term contract, many tenants are automatically moved to periodic month-by-month tenancies, which offer no security.

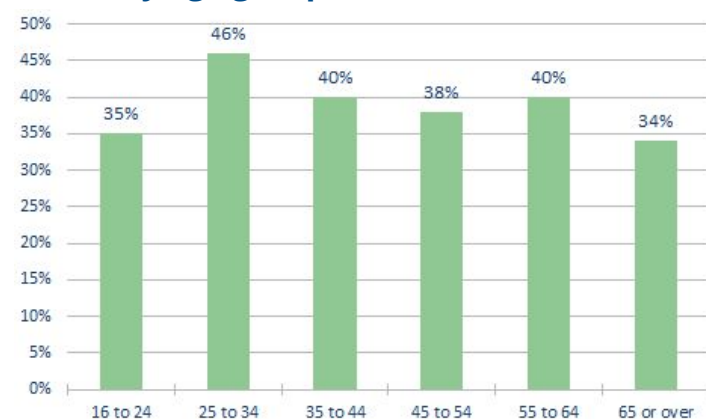
**Figure 9: Percentage of renters by length of tenancy**



English Housing Survey 2014 to 2015: Private Rented Sector report.

Those aged 25-34 are the most likely to have a really short tenancy - 6 months or less - though it is common across all age groups:

**Figure 10: Percentage of renters who currently have a tenancy of 6 months or less by age group**



English Housing Survey 2014 to 2015: Private Rented Sector report.

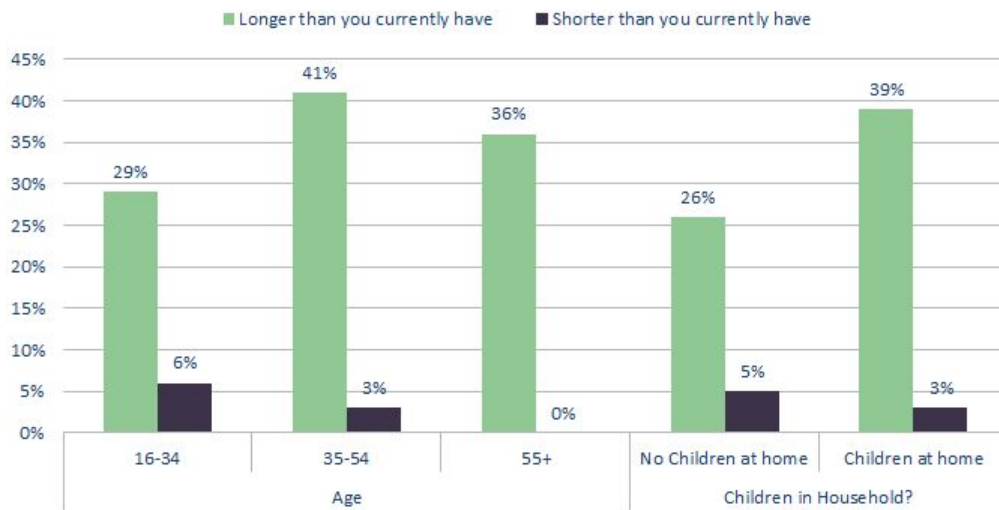
### Renters need security and flexibility

Many tenants want a longer tenancy, even if no break clause was included to allow them to leave the tenancy if they needed to. 1 in 3 private renters (34%) wish their current tenancy was longer, rising to 2 in 5 (39%) amongst those with

<sup>20</sup> DCLG, [English Housing Survey 2014 to 2015: private rented sector report](#), July 2016

children. This amounts to almost 1.5 million households in England who want more stability and who the market is failing.

**Figure 11: Percentage of renters who would prefer a longer or shorter tenancy, by age and children in household**





YouGov survey for Citizens Advice, November 2016. Base: all.

45% of private tenants wish they didn't have to move as frequently as they do. This varied by region, from 36% in the Midlands to 56% amongst Londoners.

Just under half of tenants (45%) like the flexibility of private renting, rising to 56% amongst 16-24 year olds. Tenants with responsive landlords like the flexibility of private renting more - 61% of tenants whose landlords respond to repairs issues within 24 hours like the flexibility compared with 35% of tenants whose landlords haven't responded to their repairs issues at all.

### Notice periods are too short

Almost a million renters think their notice period might be too short to find a new place to live, and a further 700,000 are sure their notice period is inadequate.<sup>21</sup> Renters with children at home showed particular concern about their lack of security:

	<b>77%</b>	of renters with children at home agreed that if you have children it's better to have more security and own your own home
	<b>59%</b>	of renters with children at home find it hard to plan for the future because they know they may be asked to move with short notice

<sup>21</sup> DCLG, [English Housing Survey 2014 to 2015: private rented sector report](#), July 2016

### 3. Renters struggle with unfair costs and practices

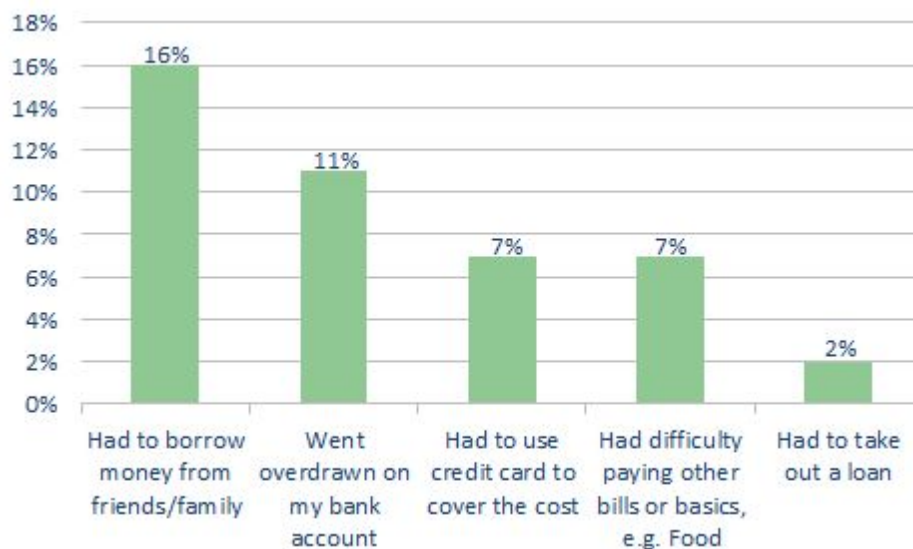
Most people spend more on housing in their lifetime than any other consumer outgoing. On top of the high price of rent, many private tenants have to bear unfair costs and navigate poor practices - extortionate letting agent fees, landlords not protecting deposits, and inadequate protection against letting agent bankruptcy. This is a high price to pay for a subpar service.

#### Uncompetitive and unfair fees

A clear example of this is the amount renters are being charged in fees. Fees to rent properties are rising far faster than inflation (60% in 5 years<sup>22</sup>), and differ widely between agencies for identical tasks. Our 2015 research into letting agents found renters charged from £15 to £300 to renew a tenancy and between £6 to £300 to check a reference.<sup>23</sup>

6 in 10 private renters (60%) paid fees to rent their current property, rising to 9 in 10 tenants (88%) whose property is managed by a letting agent. Where private renters are charged fees, the median amount paid is £400 - and 1 in 3 renters charged fees have had financial problems as a result.

**Figure 12: Percentage of renters who had financial problems as a result of paying the charges**



YouGov survey for Citizens Advice, November 2016. Base: Tenants who had paid fees (1,962)

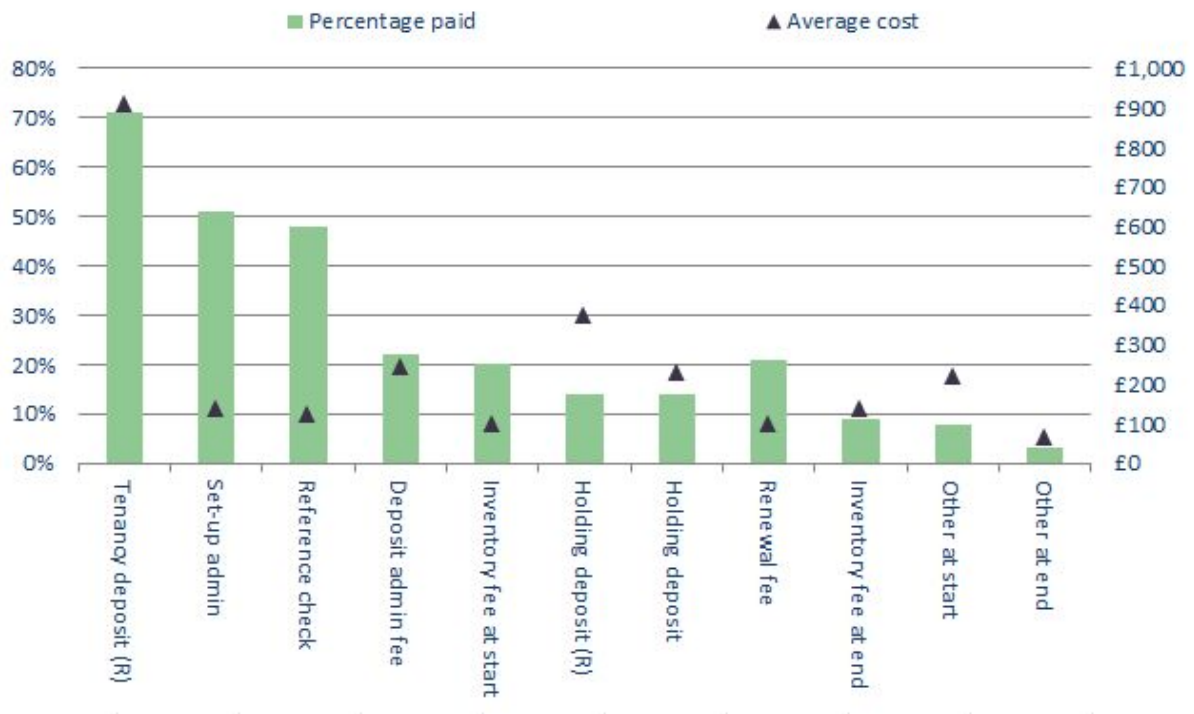
Fees are often not a one-off moving cost. Tenancies typically only last 6 months or a year, and even staying in the same property can incur repeat fees: at least a

<sup>22</sup> Ibid. *The median letting agent fee paid in 2014-15 was £200, compared to £125 in 2009-10.*

<sup>23</sup> Citizens Advice, [Still Let Down](#), March 2015

fifth of renters (21%) expect to have to pay to renew their tenancy at a median cost of £80.

**Figure 13: Percentage of renters that paid a selection of fees, and average (mean) cost as reported by renter.**



YouGov survey for Citizens Advice, November 2016. Base: all. 'R' indicates refundable fees

Renters also listed catalogues of additional fees for pets, guarantor checks, cleaners, name changes and key handing-over fees.

### Basic protections are still lacking:

<p style="font-size: 24px; margin: 0;"><b>£400</b></p> <p style="margin: 0;">The <b>median amount</b> that fee-paying tenants have spent on charges to their current letting agent</p>	<p style="font-size: 24px; margin: 0;"><b>10,895</b></p> <p style="margin: 0;">tenants have asked Citizens Advice for help with a <b>tenancy deposit protection</b> problem in the past 12 months</p>	<p style="font-size: 24px; margin: 0;"><b>1 in 20</b></p> <p style="margin: 0;">tenants have lost money due to <b>letting agent bankruptcy or fraud</b></p>
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Tenancy deposit is by far the highest charge reported by renters, and paid by the vast majority of renters. 1 in 10 renters (9%) do not think they have had their deposit placed in a government-backed tenancy deposit protection scheme (TDP), despite the legal requirement on landlords.<sup>24</sup> A further third (33%) don't know whether their deposit is protected.

## Landlord and tenant money needs protection

Currently, letting agents in England don't have to protect client money against agent bankruptcy or fraud. 1 in 20 renters (5%) have lost money because of this, rising to 1 in 9 (11%) of those with a limiting health problem or disability. Both tenants and landlords can be affected when their money is not protected:



Dev, a tenant, found a property through a letting agency. He paid a deposit of £1,375 and first month's rent, plus £275 in fees. Soon after, the owner of the property called to see Dev with a new contract. The letting agent had ceased trading without notice and the landlord had not received any rent. As a result, Dev lost a large sum of money. To stay in the property he would have had to pay another £1,375 directly to the landlord. The local Citizens Advice had several clients seeking advice on the same issue.



Ben, who is a landlord, used a letting agent to rent out his property. The letting agent informed Ben that his tenant hadn't been paying rent for several months and at first he believed the agent. The letting agent suggested that Ben write off the rent due (£3,150) and said they could find him a new tenant. When Ben visited the tenant in person, they confirmed by way of bank statements that they had been paying the letting agent. The tenant was horrified that the letting agent had been withholding his rent.

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<sup>24</sup> *And those who act on the behalf of landlords*

### 3. What does a better deal look like?

Private renters face a range of challenges - poor conditions, a lack of stability and a multitude of unfair costs. With home ownership increasingly unaffordable, private renting is becoming a long-term tenure for many - making action more important than ever.

The apparent shift in political emphasis towards renters is welcome. The first step to give private tenants a better deal is to bring in the letting agent fee ban swiftly and completely. Every month this is delayed, renters pay in excess of £13 million in unfair and uncompetitive fees.<sup>25</sup>

However, if we want a private rented sector that works for the tenants of today, the government should go further than banning fees and introducing 3 year tenancies for a small minority of renters. Over the course of this parliament, the government have the opportunity to transform private renting into a tenure that is fair, secure and high quality for all:

#### Reasonable quality

There are a number of steps that the government could take to address these problems for renters. One would be to **bring clarity to the complex way in which hazards are defined**, which can make it difficult for tenants to enforce their rights. Councils inspect hazards in homes using the Housing Health and Safety Rating System (HHSRS). This system is highly complex, classifying the severity of hazards across 29 categories and the effect those hazards have on the occupants. There are positives to this complexity: it allows vulnerabilities and risk to be taken into account. But it is also difficult for tenants to understand. Issuing user-friendly guidance on HHSRS would provide clarity - for landlords, tenants and advisors.

This guidance should set out maximum acceptable timescales for landlords to complete repairs. This would **ensure tenants are better able to hold their landlord to account**. Most landlord associations and accreditation schemes prescribe best practice timescales. Local authority tenants not only have mandated timescales, but also receive automatic compensation if these timescales are missed.<sup>26</sup> The government's ['Renting a Safe Home'](#) guide is a good

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<sup>25</sup> Calculated using data from the [English Housing Survey](#): there are 4.3 million private renting households. 30% have lived at their current accommodation less than a year, and 52% of this group paid a fee during their tenancy, at an average amount of £241.

<sup>26</sup> [Schedule 1, The Secure Tenants of Local Housing Authorities \(Right to Repair\) Regulations 1994](#), January 1994

start, but it could be more user-friendly and more explicit in setting out landlord responsibilities.

Too many tenants' health or safety is compromised by a poor quality home. This year the government is introducing banning orders<sup>27</sup> - bans preventing rogue landlords or property agents from letting out or managing properties if they have committed a serious offence. The government is already considering banning order offences where a local authority has prosecuted the landlord for failure to improve very poor conditions. However, tenants should not have to rely on local authority enforcement. Local authorities should have **the power to ban landlords where multiple tenants have received compensation for disrepair** relating to the same landlord. This would encourage landlords to ensure their properties are well-maintained and to resolve problems quickly when they do arise.

When tenants report disrepair to their landlord, they have the additional concern that they could be evicted via Section 21. In 2015, the government legislated to prevent this.<sup>28</sup> While in theory this eliminates fear of eviction, in practice the process can be difficult. The tenant must take a number of steps before protection against Section 21 kicks in:

- 1) Complain to landlord or letting agent about the disrepair in writing
- 2) Allow a reasonable time for the landlord to carry out the repairs
- 3) After a reasonable time, ask the council to inspect the property for hazards
- 4) Wait for the council to inspect the property
- 5) Wait for the council to issue the landlord with a relevant notice

If the landlord issues a Section 21 notice after the initial complaint by the tenant (step 1), the tenant is in a race against time: if the Section 21 court hearing happens before the council has inspected the property and issued a notice, the tenant has no defence and is likely to be evicted.

Given the stretched nature of Environmental Health services, it can take months for an inspection to take place. Added to this, Environmental Health Officers often work informally with landlords to encourage them to undertake repairs without the need for an inspection.<sup>29</sup> While this tactic may be effective with many landlords, informal action does not protect tenants from retaliatory eviction.<sup>30</sup> A change should be implemented to **ensure that no tenant experiences a retaliatory eviction as a result of council inaction**. To do this,

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<sup>27</sup> DCLG, [New banning orders to stop rogue landlords in their tracks](#), December 2016

<sup>28</sup> DCLG, [Retaliatory Eviction and the Deregulation Act 2015: guidance note](#), October 2015

<sup>29</sup> Bate, [Housing Fitness in the private rented sector](#), May 2016 (download)

<sup>30</sup> Battersby, [The challenge of tackling unsafe and unhealthy housing](#), December 2015

courts should have the power to postpone Section 21 cases if the tenant's defence is serious disrepair and Environmental Health has not yet inspected the property.

### Recommendations

- Publish guidance to landlords on the maximum acceptable timescales to complete repairs.
- Make it a banning order offence when multiple tenants have received compensation for disrepair relating to the same landlord.
- Amend the Civil Procedure Rules so Section 21 court hearings can be adjourned where the tenant's defence is disrepair, but Environmental Health has not yet inspected the property.

### More stable tenures

When it comes to raising a family, people want greater security, the ability to put down roots, and strengthen community ties. While in many cases renters want a longer tenancy, currently they cannot get one. With the majority of private renters being offered 6 or 12 month initial contracts, **it is time to act to increase security**. Given that rent is a major expense, it is also important that tenants should never be locked into tenancy contracts.

The government's plan to encourage 3 year 'family-friendly tenancies' is encouraging - but it will only help those renting new 'build to rent' properties. Currently there are 78,711 built to rent properties completed, under construction or with planning permission in England.<sup>31</sup> Even with additional investment in build to rent, the vast majority of England's 4.3 million renters will be forced to rent from private landlords.<sup>32</sup> **Every tenant should have a right to meaningful security while living in the PRS**, whether their landlord is a private individual or an institutional investor.

Tenants should feel confident they can plan for the future, with enough time for them to find a suitable replacement property if they are evicted. The leading cause of homelessness is a private tenancy ending, usually via a section 21 notice.<sup>33</sup> One way the government could help struggling renters would be to **extend the notice period landlords are required to give for no-fault evictions**. For tenants with little time and money to spare, this would make it easier to find an affordable property and make arrangements to move.

<sup>31</sup> BHF, [Build to Rent Map of the UK](#). Data correct as of 13/02/2017

<sup>32</sup> DCLG, [English Housing Survey 2014 to 2015: private rented sector report](#), July 2016

<sup>33</sup> DCLG, [Written evidence submitted by Department for Communities and Local government \[HOL 149\]](#), March 2016



## Recommendations

- Introduce 3 year family-friendly tenancies for all private rented sector tenants
- Extend the notice period landlords are required to give for a no-fault eviction

## Greater renters' rights

The government has already started to act on the unfair costs and practices that renters face. Now the government needs to make sure these changes happen.

A complete ban on any fees to tenants, enacted as soon as possible, will **ensure the market works fairly for renters**. This will prevent millions of tenants from being forced to pay unfair and uncompetitive fees. Letting agents provide a service to landlords, not tenants - if the service provided to landlords is poor or overpriced, landlords can switch to another letting agent.

Tenants should never pay fees. This is true whether they are being paid to a landlord or a letting agent, whether starting, renewing or ending a contract. Renewal and exit fees create a perverse incentive for short-term lets: it is vital they are included in the scope of the ban. Crystal clear wording is needed to ensure that tenants don't continue to be charged. Anything less will leave tenants confused as to what is a legal charge and what isn't.

**No tenant or landlord should lose money because of letting agent bankruptcy and fraud.** Client money protection (CMP) is standard practice in consumer markets: smaller purchases such as booking a holiday come with protection, and renting or letting a home should be no different. The government's review into CMP in England shows it is serious about taking action. Introducing CMP - a basic protection of tenant and landlord rights - would bring England in line with plans for both Wales and Scotland.

Where renters do have rights, it is often too difficult to uphold them, for instance in cases of unreturned deposits. Though the government took action to protect deposits more than 10 years ago, some renters still struggle to recover this cost. The government should **continue monitoring and raising awareness of tenants' rights to deposit protection**.

When tenants have problems with renting, it is time-consuming, complex and often expensive to get compensation or problems fixed. The government should take steps to **develop non-court based routes to redress between tenants**

**and landlords.** For instance, compensation for housing disrepair requires a tenant to apply to court and legal aid is very limited. In most other consumer markets, there are **simple and manageable processes so consumers get redress if they are let down by a poor quality product or service.** If a retailer supplies a faulty good, the consumer is entitled to a refund and usually receives this with minimal hassle.

There are wider problems with redress across consumer markets. Even in markets where it is far simpler to seek redress than the private rented sector, we know consumers only do so in a minority of cases.<sup>34</sup> In particular, consumers without a degree are twice as likely not to complain because the process is too complicated.<sup>35</sup> The government will publish a Consumer Green Paper in Spring 2017 - this is an opportunity to **reshape how compensation and redress works across a range of markets**, as well as bringing the private rented sector in line with other markets.

#### **Recommendations**

- Enact a complete ban on any fees to tenants as soon as possible
- Introduce mandatory client money protection
- Develop non-court based routes to redress between tenants and landlords.

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<sup>34</sup> Citizens Advice, [Consumer detriment: counting the cost of consumer problems](#), September 2016. *Our research found that, across markets, compensation was sought in only 35% of cases*

<sup>35</sup> Ibid.

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