

House Hunting

Using Accommodation Agencies & Letting Agencies



You may well be targeted by Agencies encouraging you to sign a tenancy many months in advance of when you are due to move in.

Don't be pressured

Don't panic

If you require advice about when to start looking for a property seek advice from the Student Advice Centre or University Accommodation Office.

What do they do?

Agencies advertise and let property on behalf of the landlord (on terms determined by contract). If you choose to use an agency, you too will have a contract with the agency, and often a **fee** to pay. Laws designed to protect the consumer from unfair business practices regulate both **letting agencies** and estate agencies (estate agencies deal primarily with the sale and purchase of properties).

An agency may act simply as a **finding agency**, (sometimes handling the drawing up of the contract too). This is usually called an Accommodation Agency. Thereafter, you deal directly with the landlord.

In other cases the agency has **management duties** too. In this case it is called a Letting Agency. This means they act as an intermediary between you and your landlord throughout the duration of the tenancy, handling day to day matters such as requests for minor repairs. It is becoming increasingly common to find that an agency belongs to a property company, and is therefore also the landlord of their advertised properties.

The **University Accommodation Office** offers two sorts of service, acting as a letting agency and as a management service, but it does not charge tenants anything for its services.

PROs & CONs

Pro:

All year round availability.

This tends to be the decisive factor that swings in their favour, but ask yourself, do you really need to bind yourself to a contract nine months or so in advance of when you want to move in? You or your friends' circumstances may change. You could put all that money you hand over in fees into a high-yield account for a year instead (as the landlord and agent do).

Better choice: But is it? - Most landlords advertise with both the agencies and the universities and colleges.

Better service: But is it? - Early on you may get the conducted tour, but thereafter the operation is all about getting you to sign, and hand over cash.

Con:

More expensive. (See 'Charges' below)

More onerous contracts.

Very often they are long and complicated. e.g. See 'Penalty clauses' below.

Management problems.

The chain of communication between you, the agency and the landlord is often confused. How much authority is actually delegated by the landlord to the agency is often unclear, and can be used as an excuse for delay in getting issues dealt with. Demands for **parental guarantees** and/or **credit reference checks** tend to be standard. Advise your prospective guarantor to have any agreement checked out by a solicitor before signing it: many bind the guarantor to underwriting the obligations of all the tenants in a **joint** tenancy, not just their son or daughter. Additional terms limiting their liability can be negotiated.

CHARGES

Fees

The agency cannot, by law, charge a **registration fee** i.e. simply to put you on their books. It is also illegal for an agency to ask for a **deposit** which they will refund if they do not find you a property.

The agency may charge a **finder's fee**, but only once you have agreed to take a particular property. The agency will probably require you to sign an undertaking to that effect. There is no legal limit to this charge (also known as a 'premium' or 'key money').

If the agency does more than this in setting up the tenancy, for example negotiating with the landlord, drawing up the tenancy agreement and making an inventory, they may charge an **administration fee** as well as or instead of the finder's fee. This is legal if you have requested these services (you may have little option given the agreement between the landlord and the agency).

The agency is allowed to charge a **holding deposit** if you have agreed to take a property but have not yet signed the contract.

Both the finder's/ administration fee and any holding deposit are likely to be non-refundable if you fail to take up the tenancy. Both the deposit and the administration charge are refundable if the landlord cancels. Agencies that give **misleading information** about their charges commit an offence. Read the agency literature carefully - are their fees per contract or per person? Any discrepancies between what they write and what they say may be mis-selling. Report it to the Trading Standards section of your local Council.

Other additional charges

'Penalty' clauses: Many standard agency contracts contain clauses allowing them to demand compensation payments if you are in breach of the agreement. Late payment of the rent or reminder letters about other obligations' you might be in breach, or may trigger demands for payment. In some cases they may be legitimate, but treat all such demands with suspicion, and seek further advice. Consider very carefully whether you wish to be bound by

such terms before you sign up to such a contract.

Arbitration fees: Some contracts contain a clause requiring you to use a named arbitration service. A fee is normally levied (typically c. £250 payable by both parties.) Compulsory arbitration is not lawful and you cannot be bound by such a term.

On renewal of tenancy: Most agencies require a further administration charge when existing tenants come to the end of a fixed-period contract and wish to remain in occupation. The law makes no provision for these charges, and it is not established whether they are legal (as with so many things at law, it probably depends on whether they are 'reasonable'), so you could refuse to pay. However, if you have an Assured Shorthold Tenancy (which is the most common type), your contract could be terminated simply with the issue of two months' notice (see free Government booklet from the Department for Communities & Local Government), on '**Assured and Assured Shorthold Tenancies**'.

Would your landlord issue you with notice to quit because you refuse to pay an agent's renewal charge? In some cases these renewal charges can be challenged under Unfair Terms in Contracts legislation.

Note. If there are to be some changes to the tenants, the situation is different. This constitutes an entirely new let, and charges are permissible.

PROCEED CAREFULLY!

- Deal with an agency that has membership of a reputable self-regulatory body (see below). These bodies will insist that member agencies keep deposits paid by tenants in a separate 'client account'. They may also be a member of a Tenancy Deposit Scheme for regulated agents.
- You will normally be asked to register. You may be required to provide a reference, or the agency may wish to run a credit reference check on you. By law, you should not be charged for registration.

- Be clear before you decide to register what charges you will be expected to pay, when you will be expected to pay them, and exactly what the charges are for.
- By law an agency may not accept an instruction from you not to offer a property where the landlord is of a particular race or gender.
- Always view the property before entering in to an agreement. For safety reasons, do not go alone.
- Any claims an agency makes about the accommodation and its facilities are regulated by the Trade Descriptions Act. A false statement could lead to their prosecution.
- Obtain an example of the type of tenancy you will be asked to sign, and seek advice on any clauses you do not understand before you sign.
- Totalise costs: What is the rent? Does it include any services? Do you have to pay the water rates, and how much are they? How much do they want for the security deposit? Do not pay a holding deposit unless you are sure you will want the property.
- Ask for the name and address of the landlord before signing the contract. If you have already signed, and you are paying your rent through the agency, they have a legal duty to provide these details in writing within 21 days of your request (best put in writing).

COMPLAINTS AGAINST AGENCIES

Report attempts to make illegal charges, false statements or any sharp practice to the local authority - trading standards officer, tenancy relations officer. They have powers of prosecution, and may seek to get your money returned.

If you have actually been charged an illegal fee, as well as involving the local authority, you could take civil court action to sue.

It is illegal for an agency to discriminate against you on grounds of sex or race or disability. It is also illegal for a landlord to put restrictive stipulations on possible tenants on these grounds (exemption may be allowed in certain circumstances where the tenant will share with the landlord or his/her near relative). Other forms of discrimination - on grounds of age, occupation, sexual orientation, income or family make-up - are legal.

Professional Regulations

For information on minimum standards for residential letting and management, see the National Approval Letting Scheme (NALS) Website. The main professional bodies representing agencies subscribe to the NALS standards.

<http://www.nalscheme.co.uk>

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You can access our website at
<http://www.unionsociety.co.uk/sac/>

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