

The Tenancy Deposit Scheme (TDS) – Are You Prepared?

The Tenancy Deposit Scheme is part of the new legislation brought in by the Housing Act 2004 and came into effect on **06 April 2007**

From 06 April 2007 all deposits received by letting agents and landlords from tenants for Assured Shorthold Tenancies (ASTs) in England and Wales must be protected by a Government-authorized Tenancy Deposit Protection Scheme.

The legislation has come about to help protect deposits paid by tenants and make sure that they are dealt with fairly and receive all or part of the deposit back where appropriate.

Existing tenancies (AST's) will not be affected, nor will tenancies that run onto a periodic tenancy after this date. However, tenancies that are renewed (i.e. a new AST is created) will be affected. The only way to avoid this new legislation would be to **not** receive a deposit, but we do not recommend this.

There are penalties for not complying with the scheme and landlords / letting agencies must carry the costs and carry out the appropriate administration at the start of the tenancy. All tenants must be notified as to where their deposit is held.

There are 3 authorised schemes available for holding deposits which were finalised in early 2007. Landlords and agents can choose from **one custodial scheme** run by the Deposit Protection Service and **two insured schemes**. In Ian Walters Property Letting and Management we will be joining the custodial scheme run by the Deposit Protection Service.

The Deposit Protection Service - Custodial Scheme

This is the only custodial scheme available and is FREE to letting agents and landlords to join. It is run by Computershare Investor Services Plc who have been awarded a contract by the government and will be funded by the interest earned on the deposits held.

The tenant will pay the deposit to the landlord, who will then pay it into the scheme within 14 days. At the end of the tenancy, if the landlord and tenant agree how the deposit should be repaid, they will tell the scheme administrator, who will pay out the money as agreed, plus any interest earned on their share. An independent Alternative Dispute Resolution (ADR) will resolve any disputes relating to returning deposits.

Landlords and letting agents will be able to deal with their deposits online unless paper based transactions are required.

For further information please visit www.depositprotection.com or call **0870 707 1707**.

How Does this Affect You?

If you are a landlord and receive a security deposit for a new AST tenancy from **06 April 2007**, it will be your responsibility to ensure that it is dealt with in line with the new legislation.

Here at **Ian Walters Property Letting and Management** we will deal with the administration of all deposits at no extra cost to our landlords as part of our comprehensive landlord services. We would also recommend that most landlords at least take advantage of the FREE advice that we offer prior to letting out a property.

It is also vital with the new tenancy deposit legislation that the relevant actions are carried out such as carrying out a professional inventory and check-in. Without these checks being in place, it can be very hard for a landlord to prove damage to his or her property at the end of a tenancy, as there is no proof of condition at the start of the tenancy. **Ian Walters Property Letting and Management** will automatically include a professional inventory, check-in and check-out as part of our service.

If you would like to discuss any aspect of the scheme further or seek advice on letting out your property, please feel free to call us for an informal discussion on **029 20 710 788**.