**Residential Letting Agent**

Business Opportunity Profile

BOP291 · February 2016

**Contents**

* [Introduction](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#introduction)
* [What qualifications and skills are required?](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#what-qualifications-and-skills-are-required?)
* [What are the key market issues and trends?](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#what-are-the-key-market-issues-and-trends?)
* [Trading, commercial and legal issues](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#trading,-commercial-and-legal-issues)
* [Legislation](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#legislation)
* [Further information](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#further-information)

**Introduction [http://cobra.cobwebinfo.com/themes/default/img/arrow.gif](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#top)**

Residential letting agents typically provide various levels of service to residential landlords, ranging from 'let only' to full property management. Depending on the service level, agents are responsible for valuing and marketing properties, vetting potential tenants, arranging tenancy agreements, dealing with deposits and collecting rent. They also arrange property repairs, maintenance services and statutory inspections, and inspect properties at the end of tenancies.

Although agents are engaged by landlords, they are subject to various legal requirements intended to protect tenants. For example, agents must place damage deposits in government-backed deposit protection schemes.

The majority of residential letting agents belong to the Association of Residential Letting Agents (ARLA). ARLA is a divisional body of the National Federation of Property Professionals (NFoPP), which acts as a voluntary regulator for the property sector, including the residential letting industry.

This profile provides information about starting up and operating as a residential letting agent. It describes the skills required, the training available, the current market trends and some of the key trading issues. It also explains the main legislation that must be complied with and provides sources of further information and support.

**What qualifications and skills are required? [http://cobra.cobwebinfo.com/themes/default/img/arrow.gif](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#top)**

In Wales, residential letting agents must hold an agent licence granted by Rent Smart Wales before they can commence trading. As part of the licensing requirement, the person applying for a licence and any agents they employ must complete approved agent training. For a list of approved training courses and providers, go to [www.rentsmart.gov.wales/en/training/approved-external-providers/](http://www.rentsmart.gov.wales/en/training/approved-external-providers/).

In England, Scotland and Northern Ireland, there are no mandatory qualifications required to start up and operate as a residential letting agent.

In practice, residential letting agents operating across the UK will require an in-depth understanding of the national and local residential rental property market, property valuation skills, and a comprehensive understanding of the legal issues involved in marketing and letting property are essential. Most start-up agents have considerable previous experience in the residential letting industry, often as an employee of another agent, and also hold formal qualifications and belong to ARLA.

The NFoPP acts as a voluntary regulator and awarding body for the property sector. It accredits the following distance-learning qualifications for residential letting industry professionals:

* The QCF Level 2 Award, the QCF Level 3 Technical Award and the QCF Level 4 Certificate in Residential Letting and Property Management (England and Wales). Completion of the Level 3 Technical Award or the Level 4 Certificate entitles an agent to join ARLA as a Member (MARLA) or Fellow (FARLA) respectively.
* The QCF Level 3 Technical Award in Residential Letting and Property Management (Northern Ireland), which entitles an agent to join ARLA as a MARLA.
* The SQCF Level 5 Award and the SCQF Level 6 Technical Award in Residential Letting and Property Management (Scotland), which entitle agents to join ARLA as a MARLA or FARLA respectively.

These qualifications must be completed within 12 or 18 months and involve between 90 and 260 hours of study time. They cost between £125 and £1,180 each. Go to [www.nfopp-awardingbody.co.uk/qualifications/residential-letting-property-management](http://www.nfopp-awardingbody.co.uk/qualifications/residential-letting-property-management) for further information about NFoPP residential letting industry qualifications.

Other suitable courses for residential letting agents and their staff include:

* A range of qualifications run by the Guild of Letting & Management (GLM), including a Level 2 BTEC Intermediate and Level 3 BTEC Advanced Certificate in Residential Letting, and the Level 4 BTEC Professional Diploma in Residential Letting & Management. The qualifications are accredited by Edexcel and delivered by the GLM Academy. They involve between 110 and 320 guided learning hours and can be studied via distance learning or by attending classes at various UK locations. Qualification costs range from £500 to £1,600 depending on level and study method, plus registration and examination fees. Go to [www.guild-let.co.uk/index.php/qualifications](http://www.guild-let.co.uk/index.php/qualifications) for further information.
* Qualifications in various property topics accredited by the Chartered Institute of Housing (CIH) and delivered at approved training centres across the UK. Examples include the Level 2 Award in Letting and Managing Residential Property, which costs £380 and covers tenancies and the law, property management and customer care, and the Level 3 Award and Level 3 Certificate in Housing Practice. The Award is a classroom-based qualification that takes five days to complete and the Certificate is an online course that takes around nine months to complete. Both cost £1,250 each and cover topics such as equality and diversity, affordable housing provision and professional practice in housing. Go to [www.cih.org/qualifications](http://www.cih.org/qualifications) for further information.

Anyone starting up as a residential letting agent will benefit from training in general business and enterprise skills. Suitable courses include:

* Free webinars provided by HM Revenue & Customs (HMRC), covering topics including business expenses, self-assessment online, VAT, self-employment and becoming an employer. Go to[www.gov.uk/government/collections/hmrc-webinars-email-alerts-and-videos](https://www.gov.uk/government/collections/hmrc-webinars-email-alerts-and-videos) for further information.
* Introduction to Social Media Marketing, which is an online course costing £349 provided by the Digital Marketing Institute. The course covers the latest trends in social media marketing and using Facebook, Twitter and LinkedIn for business. Go to<http://digitalmarketinginstitute.com/uk/courses/introduction-social-media-marketing> for further information.
* Contracts of Employment, Recruitment and Selection, which is a distance-learning course run by Stonebridge College that may benefit residential letting agents who are new to recruiting staff. The course costs from £70. Go to [www.stonebridge.uk.com/course/contracts-of-employment-recruitment-and-selection-byte-size](http://www.stonebridge.uk.com/course/contracts-of-employment-recruitment-and-selection-byte-size) for information.
* LinkedIn for Business, which is a regular one-day course run by SocialB in London and Manchester. The course, which costs £495 (excluding VAT), covers social media strategy and reporting, and how to use LinkedIn to make connections. Go to [www.socialmedia-trainingcourses.com/courses/linkedin-for-business](http://www.socialmedia-trainingcourses.com/courses/linkedin-for-business) for details.

**Industry knowledge and continuing professional development (CPD)**

Continuing professional development (CPD) is a condition of membership or registration with various professional bodies. For example, members of ARLA must undertake at least 12 hours of CPD each year ([www.arla.co.uk/join/continuing-professional-development-cpd](http://www.arla.co.uk/join/continuing-professional-development-cpd/)).

CPD options include:

* Short courses run by ARLA, covering property topics such as drafting tenancy agreements, ending residential tenancies and PAT testing, and business topics including how to set up a residential letting agency, dealing with difficult people and providing first-class customer service. Courses typically last between half a day and three days and cost from £130 to £720 each, or from £90 to £510 for ARLA members. All prices exclude VAT. Go to[www.arla.co.uk/training-courses](http://www.arla.co.uk/training-courses) for further information.
* One-day courses delivered by the Royal Institution of Chartered Surveyors (RICS), which are aimed at surveyors, but may be useful for residential letting agents and their staff. These include Fundamentals of Residential Valuation, Fire Safety in Blocks of Flats, and Dilapidations: Leases Explained. Courses are typically held in London and cost from £340 each for non-members. Go to [www.rics.org/uk/training-events/training-courses](http://www.rics.org/uk/training-events/training-courses) for further information.

Residential letting agents and their staff can keep up to date with news and developments in their sector and improve their awareness of trends by attending events and reading trade journals and industry resources, including:

* 'Letting Agent Today' ([www.lettingagenttoday.co.uk](http://www.lettingagenttoday.co.uk/)), which is an online resource for the residential letting industry that features the latest news and industry comment.
* 'Property Week' ([www.propertyweek.com](http://www.propertyweek.com/)), which is a trade journal providing industry news, analysis and comment, as well as classified adverts and details of forthcoming events.
* 'Property Professional' ([www.naea.co.uk/info-guides/property-professional.aspx](http://www.naea.co.uk/info-guides/property-professional.aspx)), which is a trade journal published every other month by the National Association of Estate Agents (NAEA) and distributed to members of various property-related professional bodies, including ARLA. It features property industry and market news, regulatory case studies and expert comment.
* 'Property Portal Watch' ([www.propertyportalwatch.com](http://www.propertyportalwatch.com/)), which is an online resource that features the latest news and developments relating to Rightmove, Zoopla and other property portals.
* 'Property Reporter' ([www.propertyreporter.co.uk](http://www.propertyreporter.co.uk/)), which is an online information resource for estate agents, letting agents, landlords and property developers.
* RESI ([www.resiconf.com](http://www.resiconf.com/)), which is an annual three-day event for residential property professionals that is held in Newport, Wales each September. It provides opportunities to attend talks from industry leaders and network with other property professionals.
* MIPIM UK ([www.mipimuk.co.uk/the-event](http://www.mipimuk.co.uk/the-event)), which is an annual three-day trade event for property market professionals that takes place at Olympia, London in October and includes a programme of seminars and networking opportunities.
* The Landlord & Letting Show ([www.landlordshow.info](http://www.landlordshow.info/)), which is trade event held at six venues across the UK each year, including London, Coventry and Manchester. The events provide opportunities to meet new clients, as well as including an exhibition and free seminars.
* The LandlordZONE forum ([www.landlordzone.co.uk/forums](http://www.landlordzone.co.uk/forums)) and Property 118's forum ([www.property118.com/discussions-forum](http://www.property118.com/discussions-forum)), which provide opportunities to network with new clients and share best practice.

**What are the key market issues and trends? [http://cobra.cobwebinfo.com/themes/default/img/arrow.gif](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#top)**

Some of the key current market issues affecting a residential letting agent include:

* The share of residential property in England owned by the occupants, either outright or under a mortgage, decreased steadily between 2005/06 and 2014/15, according to the English Housing Survey 2014/15, the most recent results available ([www.gov.uk/government/collections/english-housing-survey](https://www.gov.uk/government/collections/english-housing-survey)). This coincided with the proportion of homes occupied by private tenants increasing, with the share of residential property owned and let by private landlords almost doubling since 2000. By 2014/15, 19% of homes were private rentals, around 64% were owner-occupied and the remaining 17% were social rentals. Factors contributing to the increase in private rentals in the last decade include the abolition of rent control, the introduction of buy-to-let (BTL) mortgages and the increased flexibility provided by assured shorthold tenancies (ASTs).
* The average rent for private rentals increased in all but one of the UK's 12 regions in the year to January 2016, according to the HomeLet Rental Index (<http://homelet.co.uk/homelet-rental-index>). The average monthly rent for private rentals outside London in the fourth quarter of 2015 was £740 per calendar month, a year-on-year increase of 5.5%, while the average rent for private rentals within the capital increased by 6.2% to more than £1,500 per calendar month during the same period.
* Research published in December 2015 by the National Federation of ALMOs (arms-length management organisations) and the Association of Retained Council Housing (ARCH) found that nearly 90% of tenants in receipt of Universal Credit were in rent arrears because of a seven-week wait for the first payment ([www.insidehousing.co.uk/nine-in-10-universal-credit-tenants-in-arrears/7013234.article](http://www.insidehousing.co.uk/nine-in-10-universal-credit-tenants-in-arrears/7013234.article)). This is nearly three times the proportion of housing benefit recipients who had fallen behind on rent. Around a third of the recipients of Universal Credit were subject to an Alternative Payment Arrangement (APA), where rent is paid directly to landlords after a tenant has accrued more than two months' of arrears.
* According to a survey of private tenants published in October 2015, almost half were living in poorly maintained property or property in a bad condition (<http://england.shelter.org.uk/news/october_2015/almost_half_a_million_private_rented_homes_infested_with_vermin>). Problems with mould or damp were most common (30% and 25% of respondents respectively), followed by poor insulation or excess cold (22%) and leaking roofs or windows (15%).
* In February 2016, a survey carried out by ARLA revealed a reason why many landlords require the services of letting agents ([www.lettingagenttoday.co.uk/breaking-news/2016/2/right-to-rent-survey-shows-why-landlords-need-agents-to-handle-checks](http://www.lettingagenttoday.co.uk/breaking-news/2016/2/right-to-rent-survey-shows-why-landlords-need-agents-to-handle-checks)). Of 1,500 landlords surveyed, 72% said they did not understand their obligations under the Immigration Act 2014 'right to rent' requirement, which disqualifies people with no right to live in the country from occupying property under a residential tenancy agreement. Failure to comply with the Act by allowing such occupation can result in a fine of up to £5,000.
* The Consumer Rights Act 2015 introduced new statutory duties for residential letting agents dealing with consumers, including consumer landlords ([www.lettingagenttoday.co.uk/breaking-news/2015/5/letting-agents-must-publish-fees-from-today](http://www.lettingagenttoday.co.uk/breaking-news/2015/5/letting-agents-must-publish-fees-from-today)). The Deregulation Act 2015 also increases protection for consumers. For example, it amends the Housing Act 1988 to give certain tenants who have paid rent in advance a right to be reimbursed if they are evicted under a Section 21 notice.
* According to the Council of Mortgage Lenders (CML), total lending for BTL purchases rose during the third quarter of 2015, when loans for house purchases in September 2015 were up 36% year-on-year and remortgages were up 62% year-on-year. However, BTL mortgages only accounted for 18% of new lending in September 2015 when there were five times as many loans advanced to home owners as to BTL landlords ([www.cml.org.uk/news/press-releases/septembersecond-quarter-press-release/](http://www.cml.org.uk/news/press-releases/septembersecond-quarter-press-release/)).
* Independent residential letting agencies face competition from regional and national high-street letting agency chains, as well as estate agency chains that also deal in residential rental property. Examples include Belvoir ([www.belvoir.co.uk](http://www.belvoir.co.uk/)), which has 167 branches across the UK and deals with rental property only, Pattinson ([www.pattinson.co.uk](http://www.pattinson.co.uk/)), which has more than 30 branches in the north east of England, and Strutt & Parker ([www.struttandparker.com](http://www.struttandparker.com/)), which has 49 UK branches. There is further competition from established online-only letting agents, such as The Online Letting Agents ([www.theonlinelettingagents.co.uk](http://www.theonlinelettingagents.co.uk/)) and Purple Bricks ([www.purplebricks.com/letting](http://www.purplebricks.com/letting)).
* Letting agent franchises provide both opportunities and competition for anyone starting up a residential letting agency. For example, Belvoir has established more than 160 franchise branches with initial investment fees of £22,500 (excluding VAT) ([www.belvoirfranchise.com](http://www.belvoirfranchise.com/)).
* In February 2016, there were more than 15,000 letting agents listed on Yell.com in the UK, including around 4,330 that also provided estate agency services and more than 500 that provided property management services, indicating the competitive nature of the sector.

**Trading, commercial and legal issues [http://cobra.cobwebinfo.com/themes/default/img/arrow.gif](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#top)**

Start-up and existing residential letting agents face the following trading, commercial and legal issues.

**Agent licensing**

Under the Housing (Wales) Act 2014, letting agents in Wales must be licensed by Rent Smart Wales before they can commence trading. As part of the licensing requirement, the person applying for a licence and any agents they employ must complete approved agent training.

If a letting agent employs other agents, they must also be declared on the licence application. Licence applications must be submitted by post, together with an application fee and proof of training. The licence must be renewed every five years,

Application fees start at £144 for individual letting agents that don't employ any staff.

Go to [www.rentsmart.gov.wales/en/agent/](http://www.rentsmart.gov.wales/en/agent/) for further information.

**Membership of an independent redress scheme**

Under the Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2013, anyone who carries out residential letting work in England must have joined an independent government-approved redress scheme.

There is no equivalent requirement to belong to an independent redress scheme in Wales, Scotland or Northern Ireland. However, professional bodies usually require members to belong to such a scheme.

The purpose of independent redress schemes is to settle complaints between landlords or tenants and residential letting agents. Letting agents must pay an annual fee to join a redress scheme and may also be charged a fee per complaint. Residential letting agents must also provide details of any redress scheme they belong to at each office and on their website.

There are currently three approved redress schemes:

* The Property Ombudsman (TPO) scheme ([www.tpos.co.uk](http://www.tpos.co.uk/)). The scheme has three levels of membership depending on the type of property the agent manages and where in the UK the agent is based. Annual registration fees start from £195 per office, plus a £50 joining fee.
* The Property Redress Scheme ([www.theprs.co.uk](http://www.theprs.co.uk/)), which offers 'enhanced' and 'entry' membership options. The annual fee for enhanced membership, which includes access to a legal helpline, is £199 (excluding VAT) per office. Entry membership costs £95 per year, plus £60 per complaint for agents with client money protection insurance or £90 per complaint for other agents.
* Ombudsman Services Property ([www.ombudsman-services.org/property.html](http://www.ombudsman-services.org/property.html)), which charges an annual subscription fee and a case fee for each complaint that it deals with. The annual subscription varies according to business type. For more information, go to [www.ombudsman-services.org/funding.html](http://www.ombudsman-services.org/funding.html).

Go to [www.gov.uk/government/publications/lettings-agents-and-property-managers-redress-schemes](https://www.gov.uk/government/publications/lettings-agents-and-property-managers-redress-schemes) for further information about redress schemes for letting agents and property management services.

**Client money protection schemes and financial crime**

Client money protection schemes provide compensation to landlords and tenants if a letting agent goes out of business or misuses client funds. It is not a legal requirement for a letting agent to join a scheme, but many professional associations, such as ARLA, require prospective members to join one.

Letting agents are required to pay a joining fee to become a member of a client money protection scheme, as well as an annual levy. Examples of scheme providers include:

* My Deposits ([www.mydeposits.co.uk/letting-agents/CMPI](http://www.mydeposits.co.uk/letting-agents/CMPI)).
* SAFEAgent ([http://safeagents.co.uk](http://safeagents.co.uk/)).
* Client Money Protect ([www.clientmoneyprotect.co.uk](http://www.clientmoneyprotect.co.uk/)).

Go to [www.nfopp-regulation.co.uk/how-we-regulate/company-obligations/client-money-protection](http://www.nfopp-regulation.co.uk/how-we-regulate/company-obligations/client-money-protection/)for further information about the NFoPP-run Client Money Protection Scheme.

It is best practice for letting agents to hold client money, such as deposits, in a designated client account. The account name should include the word 'client' and the agent's trading name. Client money received by the agent should be banked within two working days and any payments should be made no more than 28 days after they are due.

Residential letting agents who suspect a client (tenant or landlord) of money laundering must notify the Serious Organised Crime Agency (SOCA) under the Proceeds of Crime Act (POCA) 2002.

Go to [www.the-fca.org.uk/money-laundering-and-terrorist-financing](http://www.the-fca.org.uk/money-laundering-and-terrorist-financing) for further information about money laundering and preventing financial crime.

**Landlord contracts**

Before agreeing to provide services to a landlord, as best practice, residential letting agents should provide the landlord with their standard terms and conditions (Ts and Cs) of business. These should be in writing and will effectively form a contract once accepted by the landlord.

It is best practice for the agent's standard Ts and Cs of business to include the following information:

* The agent's trading name, address and telephone number, along with their company registration number and VAT registration number if applicable.
* Detailed descriptions of the types of service provided and what is included in each. Most agents offer three levels of service:
  + **Let only.** The agent markets the property, conducts viewings, vets potential tenants and arranges tenancy agreements.
  + **Letting and rent collection.** The agent is responsible for marketing the property and finding tenants, and collecting the rent on the landlord's behalf.
  + **Full management.** The agent markets the property and finds tenants, and manages let properties. Agents providing this type of service are usually responsible for carrying out quarterly property inspections, inspecting properties after tenancies have concluded, and arranging annual gas and fire safety inspections and property repairs and maintenance.
* Whether the agent or the landlord is responsible for ensuring that the property is let in a safe condition and in compliance with legal requirements covering, for example, smoke alarms, electrical appliances, and furniture and soft furnishings.
* Authorisation for the agent to collect rent on behalf of the landlord, and deduct fees before passing on the balance.
* A clause giving the agent authority to spend a maximum amount on repairs and maintenance without obtaining prior permission from the landlord.
* Clear details about fees payable, including deposits and VAT, and methods of payment.
* A requirement that any instructions from the landlord regarding major repairs, termination of a tenancy or eviction notices are communicated to the agent in writing.
* Details of the procedure for terminating the contract.
* A warranty regarding confidentiality of landlords' personal data and the agent's compliance with the Data Protection Act 1998.

It is worthwhile having a solicitor draft or review Ts and Cs to ensure they comply with the law.

**Tenancy agreements**

Tenancy agreements between residential landlords and their tenants will usually be assured shorthold tenancy (AST) in England and Wales, a short assured tenancy in Scotland, and a fixed-term tenancy in Northern Ireland.

Letting agents typically provide landlords with a standard 'in-house' tenancy agreement, drafted according to professional advice, for example from a solicitor.

The Department for Communities and Local Government provides a model agreement for an AST, which can be downloaded from [www.gov.uk/government/publications/model-agreement-for-a-shorthold-assured-tenancy](https://www.gov.uk/government/publications/model-agreement-for-a-shorthold-assured-tenancy).

Tenancy agreements are also available to download free of charge from[www.landlordzone.co.uk/documents](http://www.landlordzone.co.uk/documents) (registered members only).

**Fees and deposits**

Under the Consumer Rights Act 2015, residential letting agents must publish a list of fees at each branch and on their website.

The Act also requires agents to publish details of the independent redress scheme they belong to, as well as details of any client money protection scheme they have joined. Go to [www.guild-let.co.uk/index.php/the-consumer-rights-act-2015](http://www.guild-let.co.uk/index.php/the-consumer-rights-act-2015) for further information.

The services provided by a residential letting agent are standard-rated for VAT and agents must register for VAT once their turnover reaches the mandatory threshold. Go to [www.gov.uk/rates-of-vat-on-different-goods-and-services](https://www.gov.uk/rates-of-vat-on-different-goods-and-services) for further information about VAT rates.

Landlords

The fees charged to landlords depend on the type of service provided, the business size, reputation and location, and levels of local competition.

Let-only services are usually provided for a one-off fee of several hundred pounds. Additional fees are often charged for arranging Energy Performance Certificates (EPCs) and gas inspections.

Letting and rent collection services are usually charged at 4% to 8% of the annual rent. Full management services are charged from 7% of annual rent and can be as much as 15% in London.

Agents will also charge landlords one-off administration fees on the grant or renewal of a tenancy, and for additional services such as preparing inventories.

Tenants

Tenants are typically charged the following fees and deposits:

* Non-refundable holding fees, which are paid by tenants to reserve a property and usually equal two weeks' rent. On receiving a holding fee, the agent agrees that the property will not be shown to any other prospective tenants during the holding period, usually ten days. If the tenancy goes ahead, the fee amount is taken off the administration fees due to the agent.
* Administration and renewal fees, typically between £100 and £150.
* Damage deposit. If any repairs are needed at the end of the tenancy, the agent will use the damage deposit to cover the costs of the repairs.

Residential letting agents cannot charge tenants to register with the agency or to be supplied with a list of available properties.

**Tenant deposit protection**

Under the Housing Act 2004, which applies in England and Wales, all deposits paid by tenants for an AST must be placed with a government-backed tenancy deposit scheme within 30 days of receipt. In Scotland, deposits must be placed with a tenancy deposit scheme approved by the Scottish Government under the Tenancy Deposit Schemes (Scotland) Regulations 2011.

In Northern Ireland, the Tenancy Deposit Schemes Regulations (Northern Ireland) 2012 apply. Deposits must be protected by a government-approved tenancy deposit scheme within 14 days of receipt.

Residential letting agents must provide tenants with the name of the tenancy deposit scheme they use and what will happen to the tenant's deposit at the end of their tenancy.

Current schemes include:

* My Deposits ([www.mydeposits.co.uk](http://www.mydeposits.co.uk/), England and Wales), which charges £10 per deposit or, for agents with more than 250 properties, an annual fee.
* The Letting Protection Service Scotland (LPS Scotland, [www.lettingprotectionscotland.com](http://www.lettingprotectionscotland.com/)), which is free to use.
* Tenancy Deposit Scheme (TDS) Northern Ireland ([www.tdsnorthernireland.com](http://www.tdsnorthernireland.com/)), which provides fee details on request.

Go to [www.gov.uk/tenancy-deposit-protection/overview](https://www.gov.uk/tenancy-deposit-protection/overview) for further information about deposit protection.

**Tenant checks and guarantors**

Residential letting agents carry out various checks and references on prospective tenants, in order to protect landlords from, for example, a financial loss through a tenant defaulting on rent payments. Checks are also required to safeguard against prosecution for breaching immigration law.

Under the Immigration Act 2014 'right to rent' requirement, landlords in England have a legal obligation to check the immigration status of each prospective tenant before they enter into a residential tenancy agreement. However, many landlords instruct a letting agent to carry out the immigration checks on their behalf. There must be a written agreement between the landlord and letting agent stating that it is the letting agent's legal obligation to carry out the necessary checks.

Agents typically check prospective tenants' status by taking copies of their passport or birth certificate, or other official documentation establishing their right to live in the UK, such as a certificate of British naturalisation. To avoid breaching equality legislation, an agent should check the entitlement of all prospective tenants, not just those the agent suspects may come from outside the UK.

It was announced in October 2015 that the Right to Rent scheme - which requires landlords or agents to check the ID of all prospective adult occupiers - would be rolled out across England from 1 February 2016. ARLA provides more information about checking 'right to rent' at [www.arla.co.uk/info-guides/immigration-act](http://www.arla.co.uk/info-guides/immigration-act/).

General references are usually obtained through online tenant-referencing services. Examples include:

* Tenant Verify ([www.tenantverify.co.uk](http://www.tenantverify.co.uk/)), which charges around £15 per standard check.
* Tenants History ([www.tenantshistory.co.uk](http://www.tenantshistory.co.uk/)), which enables registered members to carry out searches free of charge.

Most residential letting agents require certain prospective tenants, such as students, people who are unemployed or who have been employed in their current job for less than six weeks, and people with a history of debts, late payments or County Court Judgments (CCJs), to provide a guarantor for the tenancy.

Prospective guarantors are required to complete an application form and will then be subject to the same checks and references as those carried out on tenants. If the results prove satisfactory, the guarantor will be asked to sign a guarantor agreement, which forms a legal contract between the agent and the guarantor under which the guarantor promises to pay rent and cover other expenses in the case of tenant default.

**Key security**

Residential letting agents typically keep the keys to landlords' properties at their office.

Members of ARLA must adhere to professional standards, which require agents to:

* Ensure that keys are coded and stored securely.
* Keep address records separately.
* Maintain a log that records when and from whom keys are collected and returned.

Agents often use a safe or key cabinet to store keys. These can be connected to the main alarm system and an independent, secondary alarm system.

Commercial safes cost from around £300 to £6,000 (excluding VAT). Examples of suppliers include Safe ([www.safe.co.uk](http://www.safe.co.uk/)) and Securesafe ([www.securesafe.co.uk](http://www.securesafe.co.uk/)).

**Advertising properties**

Residential letting agents typically advertise property in local newspapers and property supplements, and often purchase a half- or full-page advert featuring a selection of the available properties.

The rates charged by local newspapers for adverts vary greatly, ranging from £250 for a quarter-page advert to several thousand pounds for a full-page colour advert per issue. Purchasing online advertising space is typically less expensive than purchasing space in the print version of publications.

BookAnAd.com ([www.bookanad.com](http://www.bookanad.com/)) sells advertising space in around 200 local newspapers throughout England, Wales and Scotland. Media Info maintains a searchable directory of local, regional and national newspapers in the UK (<https://media.info/uk/newspapers>).

Residential letting agents operating from high street premises typically post details of available properties in the office window. Some use printed materials, but agents are increasingly using digital displays.

Displays usually feature colour images of the properties' exterior and interior, as well as a brief description of each property and the monthly rent.

Printed materials can be sourced from online services such as Need A Print ([www.needaprint.co.uk](http://www.needaprint.co.uk/)) and Beanprint ([www.beanprint.com](http://www.beanprint.com/)), or from stationery suppliers such as Ryman ([www.ryman.co.uk/digital-printing](http://www.ryman.co.uk/digital-printing)). Window display units cost from around £90 for an A4 6ft x 4ft unit and are available from suppliers such as Displaysense ([www.displaysense.co.uk](http://www.displaysense.co.uk/)) and Luminati ([www.luminati.co.uk](http://www.luminati.co.uk/)).

Alternatively, an agent can purchase marketing products and services from specialist providers such as Fairfield ([www.estateagencydisplays.co.uk](http://www.estateagencydisplays.co.uk/)), PPSPrint.co.uk ([www.ppsprint.co.uk](http://www.ppsprint.co.uk/)) and Display Works ([www.property-displays.co.uk](http://www.property-displays.co.uk/)).

'To let' boards and signs are usually customised with the residential letting agent's name and logo and cost from around £400 for 25 boards and posts. Suppliers include Sign Medic ([www.signmedic.com](http://www.signmedic.com/)) and Agency Express ([www.agencyexpress.co.uk](http://www.agencyexpress.co.uk/)).

The Consumer Protection from Unfair Trading Regulations 2008 prohibit misleading advertising. For example, residential letting agents must not advertise property with an incorrect rental price or claim that a property is still available once it has been let.

The Business Protection from Misleading Marketing Regulations 2008 also make it a criminal offence for a residential letting agent to promote their services in ways that are unfair to other traders, either by providing misleading information about their qualifications or experience, or by making unfair comparisons between the agent's own services and those of other agents.

There is specific guidance about advertising property and property services at[www.cap.org.uk/Advice-Training-on-the-rules/Advice-Online-Database/Advice-Online-Index.aspx](http://www.cap.org.uk/Advice-Training-on-the-rules/Advice-Online-Database/Advice-Online-Index.aspx).

**Property portals**

Property portals are websites that advertise properties for sale or rent from multiple estate and letting agents. Potential tenants can contact agencies via the website and sign up to receive alerts of available property in their area.

Leading portals include:

* Rightmove ([www.rightmove.co.uk](http://www.rightmove.co.uk/)).
* Zoopla ([www.zoopla.co.uk](http://www.zoopla.co.uk/)).
* PrimeLocation.com ([www.primelocation.com](http://www.primelocation.com/)).
* OnTheMarket.com ([www.onthemarket.com](http://www.onthemarket.com/)).

Portals usually charge a monthly or annual membership fee, or charge agents per property listing. Most also provide agents with marketing, training and business support. Membership of a professional body or quality assurance scheme is required in order to register and list property with certain portals.

**Energy performance certificates**

Under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2012, before marketing a property, residential letting agents must be satisfied that a valid energy performance certificate (EPC) has been issued or that a new EPC has been commissioned and paid for. EPCs remain valid for ten years.

In Northern Ireland, under the Energy Performance of Buildings (Certificates and Inspections) Regulations (Northern Ireland) 2008, a valid EPC must be in place before a property can be advertised to let. Advertisements must include the energy performance indicator of the building, as expressed in the EPC.

In Scotland, under the Energy Performance of Buildings (Scotland) Regulations 2008, the owner of a building marketed for let must provide prospective tenants with a copy of a valid EPC free of charge. They must also ensure that any advertisement includes the energy performance indicator of the building.

Valid EPCs can only be provided by energy assessors who are members of a suitable accreditation scheme. The fee charged by assessors for producing a domestic EPC usually depends on the number of bedrooms, and ranges from £30 to £55 for a standard three-bedroom house.

There is more information about accreditation and a list of schemes at[www.gov.uk/government/policies/improving-the-energy-efficiency-of-buildings-and-using-planning-to-protect-the-environment/supporting-pages/energy-performance-of-buildings](https://www.gov.uk/government/policies/improving-the-energy-efficiency-of-buildings-and-using-planning-to-protect-the-environment/supporting-pages/energy-performance-of-buildings). Go to[www.rla.org.uk/landlord/guides/epc](http://www.rla.org.uk/landlord/guides/epc/) for further information about EPCs for residential rental property.

**Specialist software**

Most residential letting agents use property management software to manage property, tenant and landlord details. Typical features include compatibility with Zoopla, Rightmove and other online property portals, remote access to viewing schedules and automatic rent reminders.

Examples of specialist software include:

* 10ninety ([www.10ninety.co.uk](http://www.10ninety.co.uk/)), which costs from £60 per month for an agent with up to 100 rental properties. A one-off set-up fee of £100 is also payable, and social media tools, property slideshow tools and other optional extras are available for a monthly charge.
* Acquaint CRM ([www.acquaintcrm.co.uk](http://www.acquaintcrm.co.uk/)), which costs from around £40 per month for a single-user licence. It is compatible with leading online property portals and also includes facilities to match prospective tenants to available properties and send property details via SMS message.
* Jupix ([www.jupix.com/residential-lettings](http://www.jupix.com/residential-lettings)), which includes facilities to arrange and track property maintenance and repairs, gas safety certificates and tenant checks. Prices are available on request from the supplier.

**Criminal records checks**

It is best practice for residential letting agents to undergo a criminal records check and obtain checks from staff who will have key-holding responsibilities.

In England and Wales, criminal records checks are known as Disclosure and Barring Service (DBS) checks. Individuals cannot apply directly for DBS checks, but can obtain basic checks via 'umbrella bodies', such as APCS (Access Personal Checking Services) ([www.criminalrecordchecks.co.uk](http://www.criminalrecordchecks.co.uk/)). Go to[www.gov.uk/government/collections/dbs-checking-service-guidance--2](https://www.gov.uk/government/collections/dbs-checking-service-guidance--2) for details.

Agents can check the existing DBS certificates of anyone they intend to employ using the DBS update service. Go to [www.gov.uk/dbs-update-service](https://www.gov.uk/dbs-update-service) for further information about updating and checking certificates.

In Scotland and Northern Ireland, criminal records checks are referred to as 'disclosures' and are carried out by Disclosure Scotland ([www.disclosurescotland.co.uk](http://www.disclosurescotland.co.uk/)) and AccessNI ([www.nidirect.gov.uk/accessni-criminal-record-checks](http://www.nidirect.gov.uk/accessni-criminal-record-checks)) respectively.

**Health and safety**

Under the Management of Health and Safety at Work Regulations 1999 (and equivalent legislation in Northern Ireland), all employers, including those who are self-employed, are required to undertake a risk assessment of their workplace (including each office and the rental properties themselves) and provide employees with adequate health and safety training. Go to [www.hse.gov.uk/risk/controlling-risks.htm](http://www.hse.gov.uk/risk/controlling-risks.htm) for a guide to carrying out a risk assessment, published by the Health and Safety Executive (HSE).

Go to [www.hse.gov.uk/risk/casestudies/pdf/estateagency.pdf](http://www.hse.gov.uk/risk/casestudies/pdf/estateagency.pdf) to view an example risk assessment for estate agency proprietors, which may be useful to residential letting agents.

Under the Health and Safety (First Aid) Regulations 1981 (and equivalent legislation in Northern Ireland), most residential letting agents are required to provide first-aid equipment such as a first-aid kit. Kits cost from around £10 and can be sourced from online suppliers such as Eureka Direct ([www.eurekadirect.co.uk/First-Aid-Supplies](http://www.eurekadirect.co.uk/First-Aid-Supplies)) and Safety First Aid ([www.safetyfirstaid.co.uk](http://www.safetyfirstaid.co.uk/)).

Residential letting agents are responsible for the safety of any employees who are required to work alone, for example when carrying out viewings. Information about working alone and managing personal safety is available from the Suzy Lamplugh Trust ([www.suzylamplugh.org](http://www.suzylamplugh.org/)) and the HSE ([www.hse.gov.uk/pubns/indg73.pdf](http://www.hse.gov.uk/pubns/indg73.pdf)).

**Professional bodies and quality assurance schemes**

Membership of a professional body or independent quality assurance scheme can indicate that a residential letting agent and their staff meet certain professional standards and fair trading practices, as well as providing individual and business benefits.

Relevant bodies and schemes include:

* The Association of Residential Letting Agents (ARLA), which is a professional membership body representing UK letting agents. Membership benefits include access to discounted professional indemnity insurance, legal advice and networking opportunities. In order to join ARLA, agents must hold the Level 3 Technical Award in Residential Letting and Property Management, or an equivalent qualification. Go to [www.arla.co.uk/join/member-benefits](http://www.arla.co.uk/join/member-benefits/) and[www.arla.co.uk/join/business-services-and-benefits](http://www.arla.co.uk/join/business-services-and-benefits) for further information about joining ARLA.
* The UK Association of Letting Agents (UKALA, [www.ukala.org.uk](http://www.ukala.org.uk/)), which is a professional body that represents UK letting and management agents. Membership benefits include client money protection insurance, access to a telephone advice line and opportunities to network with members of the National Landlords Association (NLA). The annual membership fee starts at around £545.
* The Guild of Letting & Management (GLM, [www.guild-let.co.uk](http://www.guild-let.co.uk/)), which is a professional body that also represents letting and management agents. Membership benefits include discounted training courses, guidance on ASTs and access to telephone advice. The annual membership fee is £300, plus £190 per additional office (excluding VAT). A non-refundable application fee of £60 (excluding VAT) is also payable.
* The National Approved Letting Scheme (NALS, [www.nalscheme.co.uk](http://www.nalscheme.co.uk/)), which licenses agents that meet standards of customer care and hold sufficient insurance to protect client money. The annual membership fee is £140, plus £70 per additional office (excluding VAT). Agents that are not a member of ARLA or another affiliated body must also pay an annual contribution to the NALS Client Money Protection Scheme, of around £230 or £340, depending on the agent's deposit arrangements. A non-refundable application fee of £175 (excluding VAT) is also payable.

**Promotion**

Residential letting agents can promote their services to landlords and prospective tenants by:

* Listing in specialist online directories and registering with consumer comparison sites, such as:
  + Citylets ([www.citylets.co.uk/letting-agents](http://www.citylets.co.uk/letting-agents)), which provides advertising costs on request.
  + UK Letting Agents Directory ([www.uklettingagent.co.uk](http://www.uklettingagent.co.uk/)), which provides a free basic listing.
  + Letlink ([www.letlink.co.uk](http://www.letlink.co.uk/)), which provides advertising costs on request.
  + Witch Property Agent ([www.witchpropertyagent.co.uk](http://www.witchpropertyagent.co.uk/)), which provides a free basic listing.
* Joining a professional body that lists members in a directory, for example ARLA ([www.arla.co.uk/find-agent](http://www.arla.co.uk/find-agent)) and UKALA ([www.ukala.org.uk/agents/ukala-agent-directory](http://www.ukala.org.uk/agents/ukala-agent-directory)).
* Listing in the Residential Landlords Association's online suppliers guide ([www.rla.org.uk/html/suppliers/suppliers.shtml](http://www.rla.org.uk/html/suppliers/suppliers.shtml)) or the LandlordZONE suppliers directory ([www.landlordzone.co.uk/directory/suppliers-directory](http://www.landlordzone.co.uk/directory/suppliers-directory)).
* Distributing fliers at local student unions, and bars, nightclubs and other hospitality providers with a large student customer base.
* Networking and building contacts with potential referrers such as local estate agents, removal and property maintenance services, and banks that provide BTL mortgages.
* Participating in professional networks such as LinkedIn ([www.linkedin.com](http://www.linkedin.com/)) to gain introductions and referrals. There are several groups for residential property professionals on LinkedIn that may provide networking opportunities. LinkedIn also provides a targeted advertising service ([www.linkedin.com/ads](http://www.linkedin.com/ads)), allowing agency proprietors to promote their services to other business and professional LinkedIn users.
* Creating a Facebook business page to encourage referrals between tenants. Facebook pages can be customised with the agent's name, logo and other information, and regularly updated details of newly available properties. Go to [www.facebook.com/PinnacleLettingAgents](https://www.facebook.com/PinnacleLettingAgents) and[www.facebook.com/PrestonBakerestateagents](https://www.facebook.com/PrestonBakerestateagents) for examples of agents doing this. Go to[www.facebook.com/business](http://www.facebook.com/business) for further information about how to use Facebook for business promotion.
* Advertising in the hard copy and online versions of local business directories such as Yellow Pages ([www.yell.com](http://www.yell.com/)) and Thomson Local ([www.thomsonlocal.com](http://www.thomsonlocal.com/)). Google My Business ([www.google.co.uk/business](http://www.google.co.uk/business)) and Yahoo Local (<https://uk.search.yahoo.com/yp>) provide free listings for residential letting agents by location.

**Insurance**

A residential letting agent requires a number of insurance policies, including:

* Professional indemnity insurance, which covers an agent against claims of negligence, loss of documents or data and breach of confidentiality when providing a residential letting service.
* Public liability insurance, which covers an agent against claims from landlords, tenants, suppliers and members of the public injured or adversely affected as a result of its activities.
* Employers' liability insurance, which is mandatory as soon as the agent employs staff.
* Legal expenses insurance, which covers an agent against claims arising from contractual disputes with suppliers such as property maintenance services, gas engineers and cleaning contractors.
* Buildings and contents insurance, which will be needed to cover the agency's business premises, documents, IT systems and office equipment against accidental loss, damage, fire, flood, theft and any business interruption arising as a result.
* Cover for use of any vehicles for business purposes, which must include a minimum of third-party cover.

Specialist insurance for residential letting agents, which covers an agent against tenants failing to pay rent or damaging properties, is available from insurers and brokers such as Markel ([www.markeluk.com/business-insurance/estate-letting-agents-insurance](http://www.markeluk.com/business-insurance/estate-letting-agents-insurance)) and Agent Assure ([www.agentassure.co.uk/profession/letting-agent.php](http://www.agentassure.co.uk/profession/letting-agent.php)).

**Legislation [http://cobra.cobwebinfo.com/themes/default/img/arrow.gif](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#top)**

This section is intended as a starting point only. It provides an introduction to some of the key legislation that regulates the activities of residential letting agents. Professional advice about the impact of legislation should always be sought before making any business decisions. Relevant legislation includes:

* The Redress Schemes for Lettings Agency Work and Property Management Work (Approval and Designation of Schemes) (England) Order 2013 makes it mandatory for residential letting agents in England to be members of an independent redress scheme. There is no equivalent requirement in Wales, Scotland or Northern Ireland.
* The Consumer Protection from Unfair Trading Regulations 2008 (as amended by the Consumer Protection from Unfair Trading (Amendment) Regulations 2013) protect consumers by prohibiting unfair commercial practices. For example, if an agent misleads tenants by falsely advertising let property as available, or misleads landlords by failing to disclose the amount of commission they receive on arranging a tenancy, they will have committed a criminal offence.
* The Business Protection from Misleading Marketing Regulations 2008 make it a criminal offence for a residential letting agent to promote their services in ways that are unfair to other agents. For example, they prohibit advertising that makes unfair comparisons between an agent's own services and those of other local letting agents.
* The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2012 require a valid EPC to be in force, or a new EPC commissioned and paid for, before residential property can be marketed for sale or rent. Equivalent requirements apply in Scotland and Northern Ireland under the Energy Performance of Buildings (Scotland) Regulations 2008 and the Energy Performance of Buildings (Certificates and Inspections) Regulations (Northern Ireland) 2008 respectively.
* The Consumer Rights Act 2015 requires residential letting agents to publish details of their fees, and whether they belong to an independent redress scheme or client money protection scheme.
* The Housing Act 2004 applies in England and Wales, and requires all deposits taken for an AST to be placed with a government-backed tenancy deposit scheme. An equivalent requirement applies in Scotland under the Tenancy Deposit Schemes (Scotland) Regulations 2011, and in Northern Ireland under the Tenancy Deposit Schemes Regulations (Northern Ireland) 2012.
* The Immigration Act 2014 disqualifies people who have no right to live in the UK from renting residential property. Under the Act, landlords and residential letting agents must only let property to tenants with 'the right to rent'.
* The Management of Health and Safety at Work Regulations 1999 require employers and self-employed people to carry out a risk assessment of their workplace and provide adequate health and safety training for employees. In Northern Ireland, the Management of Health and Safety at Work Regulations (Northern Ireland) 2000 apply.

**Further information [http://cobra.cobwebinfo.com/themes/default/img/arrow.gif](http://cobra.cobwebinfo.com/document/view/format/html/id/1618/track/true/?ref=/search/go/term/letting+agency/page/1#top)**

To access hundreds of practical factsheets, market reports and small business guides, go to:   
Website: [www.scavenger.net](http://www.scavenger.net/)

BOP 253 [Estate Agent](http://cobra.cobwebinfo.com/document/view/id/1603/track/true)  
BOP 362 [Buy-to-let Landlord](http://cobra.cobwebinfo.com/document/view/id/1650/track/true)  
BOP 515 [Commercial Property Agent](http://cobra.cobwebinfo.com/document/view/id/1729/track/true)

**Useful contacts**

National Federation of Property Professionals (NFoPP)  
Tel: 0845 250 6001  
Website: [www.nfopp.co.uk](http://www.nfopp.co.uk/)

Association of Residential Letting Agents (ARLA)  
Tel: (01926) 417360  
Website: [www.arla.co.uk](http://www.arla.co.uk/)

Guild of Letting & Management (GLM)  
Tel: (01992) 479949  
Website: [www.guild-let.co.uk](http://www.guild-let.co.uk/)

UK Association of Letting Agents (UKALA)  
Tel: (020) 7820 7900  
Website: [www.ukala.org.uk](http://www.ukala.org.uk/)

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