



Introduction

Click '?' to reveal the answer

of deposits

Landlords

Letting Agents

Introduction

Firstly, let me start by saying how immensely proud I am of everything The DPS has achieved over the last seven years.

Initially we launched a custodial scheme aimed at landlords with a few properties. As our reputation grew so did our customer base - today we register 200 new landlords every day! We now protect over £900 million of deposits for more than 35,000 agents* and approximately 390,000 private landlords.

In 2013 we expanded our deposit protection offering in England and Wales to include an insured scheme. This move makes us the only supplier of tenancy deposit protection (TDP) to offer customers the choice between custodial or insured protection.

Custodial  **Insured**

By far the biggest challenge that custodial schemes face is the ability to repay deposits quickly. We can only repay a deposit with both parties' agreement, but we have worked hard to reduce the 10 day legislative allowance down to 2 days. We have also developed a process to help student letting agents release hundreds of payments at the same time - crucial for the end-of-term onslaught!

We're passionate about the deposit protection industry; we truly believe that the introduction of TDP has helped

*Those who registered with us as a Letting Agent

raise standards and given much needed protection to both landlords and tenants.

We regularly advise on introducing TDP schemes to new regions, recently consulting with the Scottish Government, Northern Ireland Executive, States of Jersey, New Zealand and the Irish Government. Some of these discussions have resulted in new schemes being created, with the Letting Protection Service Scotland and the Letting Protection Service Northern Ireland launching as a result.

I hope you find this review useful. As well as containing lots of useful insight, we will take you through the changes in TDP and finish with a look ahead to 2015.

Customer feedback has been central to the development of our service and is always welcomed. If you have any comments on this report or would like to discuss any aspect of our service, please feel free to contact me directly.



Kevin Firth
Director
The DPS

Meet the Team

Roll your mouse over a **DOWN ARROW** to find out more...



Kevin Firth
Director

Kevin joined The DPS' parent company, Computershare, in 2004 after a long career with the Bank of England.



Christopher Leonard
Business Development Manager

As a current landlord, former letting agent and a former tenant, Christopher brings a wealth of experience to his business development role.



Daren King
Senior Operational Manager

Daren has worked for The DPS since its launch in 2007. Daren is responsible for the operational aspects of the scheme, ensuring The DPS meets its Government targets, and overseeing enhancements to our systems and website.



Alexandra Coghlan-Forbes
Head of Adjudication

Alexandra is a Chartered Legal Executive with over 20 years' experience in the legal profession. Alexandra has worked for The DPS since 2008 and as the Head of Adjudication leads a team of 13 in-house adjudicators responsible for resolving disputes submitted through the Alternative Dispute Resolution (ADR) process.



Julie-Ann Frost
Head of Operations

Julie-Ann joined The DPS as Head of Operations in 2013, and currently oversees 60 Customer Service Agents. Julie-Ann is passionate about understanding our customers and has an ongoing objective to improve our service.

Meet the
Team

Registration and Deposit Submission



Daren King
Senior
Operational
Manager

“The custodial scheme was originally introduced to support private landlords with small property portfolios by offering a fast, free, impartial service. As interest rates declined we started to see more agent registrations as it made financial sense to opt for a free service and they liked the idea of the deposit being held by an independent third party.

As a result we now manage deposits for some of the largest letting agents in the UK. We continue to see new agents register for the custodial scheme on a daily basis and strongly believe that a custodial scheme is the best option for both agents and landlords. It reduces the administration when deposits are returned to tenants, saving time and money.”

In the last year over 4,500 letting agents and 48,000 landlords registered with us. We continue to see, on average, over 200 landlords registering with the custodial scheme each day. This shows how the private rented sector continues to grow in the current economic climate, as many would-be homeowners are unable to enter the housing market. There are no indications that this trend will change in the foreseeable future as the lettings industry continues to grow.

As you can see from the graph to the right, December was a much quieter month for deposit submissions. However, the festive period didn't stop some agents and landlords from thinking about their deposit protection responsibilities. 173 agents and landlords registered with us over Christmas Eve, Christmas Day, Boxing Day, New Year's Eve and New Year's Day last year.

In the last year alone we have had 4,500 Letting Agent registrations and 48,000 Landlord registrations

On average 1,500 deposits are paid for every day, worth over £1.3m

In the last year over 575,000 deposit payments were received, worth over £481m

In 2013/14, we have seen over 1,500 deposit submissions per day on average, amounting to over £1.3m per day. In the last year we received over 575,000 deposit payments, worth over £481 million in total. We see peak months for deposit submissions in August, September and October.

Deposits are submitted to us on average 18 days after being received by the landlord. This is great to see and shows landlords are protecting deposits well within the 30 day legislative timeframe.

We accept deposit payments by three different methods; Direct Bank Transfer, Debit Card and Cheque. It is encouraging to see over 64% of deposit payments are received via bank transfer. We have worked hard to streamline this process as it is the most efficient and secure method of payment.

Registration
and Deposit
Submission

Repayment

Over **462,000** deposits repaid in the last year, amounting to over **£368m**

Since we launched the average tenancy has risen from **12-14** months to **22** months

In the last year, we have repaid more than 462,000 deposits amounting to over £368 million.

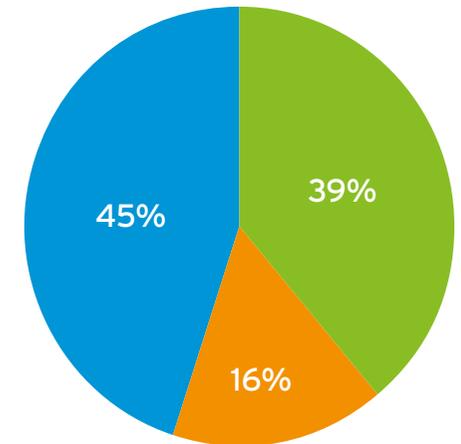
48% of these deposits, which represents 45% of the total value, were repaid to tenants in full. It's encouraging to see so many tenants respecting their property and enjoying a great relationship with their agent or landlord. At our ADR workshops we encourage agents and landlords to resolve any potential areas of dispute before the end of the tenancy to ensure this process is as smooth as possible.

We have seen over 40,000 Single Claim requests in the last year, where the tenant leaves without taking part in the repayment process. We know that agents and landlords dislike this time consuming process and we are doing all we can to convince Government of the need for change. In Scotland, if the tenant doesn't respond to the landlord or agent's claim within 30 days, the money is paid out to the landlord. Adopting this model in England and Wales would make life easier for all parties.

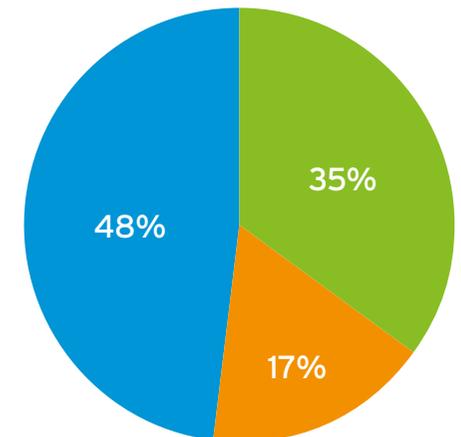
Since we launched in 2007 we have seen the average tenancy period rise from around **12-14 months** to **22 months**. This trend adds weight to the calls for longer tenancy agreements. There is clearly a need for families to put down roots and having the security of a longer tenancy would give them that peace of mind.

We have also seen the average deposit amount increase during this time from approximately **£600 in 2007** to nearly **£900 in 2013**. Clearly rents have risen over the years which will obviously impact deposits. We suspect that since the introduction of TDP, landlords have realised that four weeks rent is not a sufficient size deposit so have increased it to six weeks.

Value of deposits repaid



Volume of deposits repaid



Adjudication (page 1 of 2)



Alexandra Coghlan-Forbes
Head of Adjudication

"The most common question I am asked is why landlords and agents have to do the hard work in proving their claim in a dispute, rather than the tenant.

The reason behind this lies in the general principles of English law - all cases have to be decided on the legal basis that the deposit belongs to the tenant unless the landlord can prove otherwise."

"He who asserts must prove."

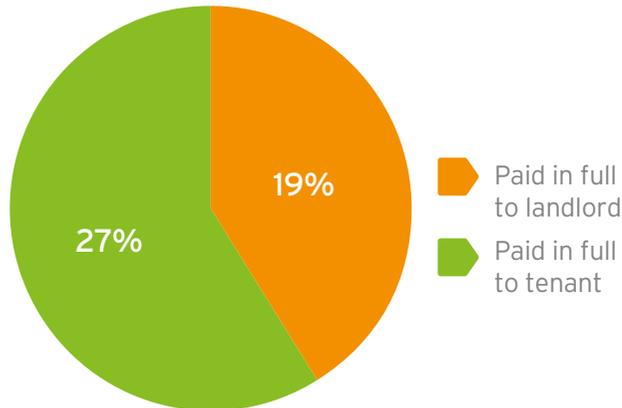
Entering into dispute

The likelihood of a case entering into dispute is very low, with only **2.5%** of deposit repayments entering the dispute process last year. However, only **1.9%** were referred to the adjudicators for a decision. We encourage landlords, agents and tenants to continue to discuss the deposit even when a dispute has been started, and many reach an agreement before the adjudicators get involved. ADR timelines are strict to help ensure the process is as efficient as possible. Missed evidence deadlines are another reason for a large number of cases not reaching the adjudicators.

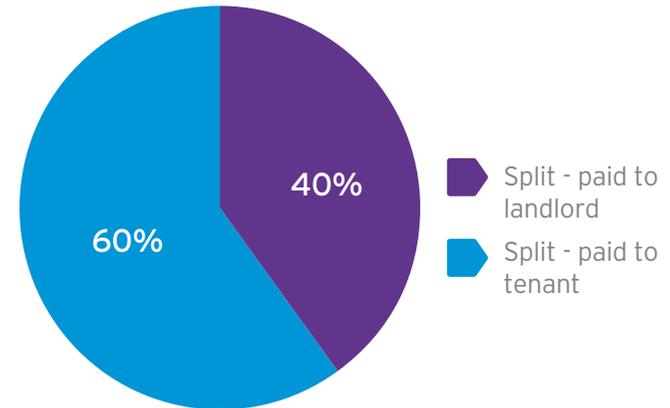
Only 1.9% of deposit repayments are entered into adjudication

Deposit repayments through adjudication

Repaid in full



Split between landlord and tenant



The most common claim for a deposit in adjudication is for damage to the property, with cleaning and redecoration close behind. In fact, until this year cleaning held the top spot for most claims. Of the total amount of deposit money adjudicated on in the last year (£5.3 million), £2.3 million was paid to the landlord or letting agent in full. The majority of the adjudication decisions resulted in a split of the deposit between the landlord/letting agent and tenant. Within this split, 40% of the money was repaid to the landlord or letting agent. Overall, Landlords/Agents received 43% of the funds entered into dispute.

Adjudication (page 2 of 2)

Making the adjudication process clearer

We're continuing to work with landlords and agents to help you provide the right evidence and we will be running more adjudication workshops throughout the year.

We would always suggest that inventories are detailed and clear, and that claims make an allowance for fair wear and tear.

What can be done to improve evidence submissions?

- Remember that the adjudicator hasn't visited the property
- Dated photographs can provide powerful and persuasive evidence
- If information is not included in the submissions and evidence, the adjudicator cannot take it into consideration
- In order to increase the chances of a successful claim, account for wear and tear. The landlord who once claimed full redecoration costs after the end of a 12 year tenancy didn't get very far!

Average award claim by type

Hover your mouse over an icon to find out more...

Customer Service (page 1 of 2)



Julie-Ann Frost
Head of Operations

"We have a continued focus on the customer experience, and consistently look at ways we can streamline the deposit protection process for landlords and letting agents."

When we recruit a new customer service representative, they have to pass two weeks of classroom training and two weeks in The DPS Academy before they are able to take calls on their own. We have continual on-the-job coaching and monitor calls at random as well to ensure our Customer Service Agents are able to fully and efficiently answer your queries."

"A pleasure to deal with from the online website to the customer service staff in the call centre."

In 2013/14, we received an average of 2,177 calls per day. The peak of calls and emails into our contact centre came in the summer months and early autumn. This reflects our busiest time of year and is roughly in line with the student calendar. As expected, December saw the lowest number of calls and emails to The DPS.

Reasons for calls

We've taken a look at the reasons customers call one of our customer service representatives:

Lost details	29%
End of tenancy	24%
Payment	18%
Disputes	13%
Which scheme?	7%
Submitting a deposit	4%
Other	4%
Registration	1%

"Always found The DPS to be efficient, knowledgeable and professional in their business and readily available to give advice"

We have introduced a new initiative this year - **customer call backs**. Our Customer Service team leaders have been phoning back around 200 randomly selected callers a month to rate our service. We ask our callers to rate the customer service representative they spoke to out of 10, and to rate how well their reason for calling was resolved. We're really proud of our high scores.

Average score for how the call was resolved:



"Told me exactly what I needed to do, positive result in about 10 seconds"

Average score for the customer service representative:



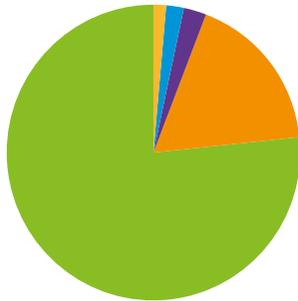
"Fast effective and efficient. They are simply excellent."

Customer Service (page 2 of 2)

Hover over 'show more' for further information

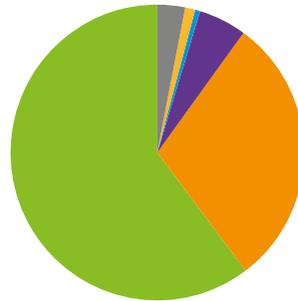
We recently entered The Estate and Letting Agent Awards (ESTAS), where our customers were given the chance to feed back on our service. One of the aspects they rated was how valuable we are to their company. **78%** of our clients gave us the highest possible rating in this category, which is a great compliment to our business. We're also pleased to report that **95.6%** of respondents rated our website as excellent/good.

Value to business



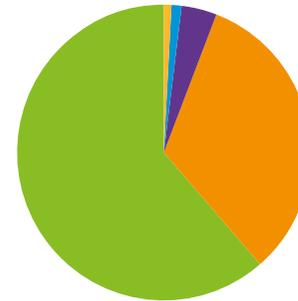
"When it became law to hold deposits in a government approved scheme I chose to use The DPS - one of the best decisions that I have made"

Supplier knowledge



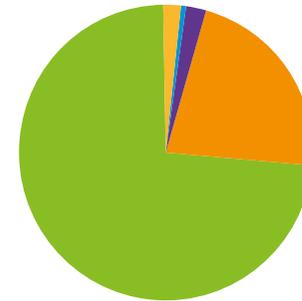
"The DPS are easy to contact and have a user friendly interface, which makes for a smooth service for both landlords and tenants"

The information and use of our website



"Straightforward service - takes any hassle out of deposit protection - excellent"

How our customers would rate us when recommending us



"Quite easily the best deposit protection service through ease of use and quality service"

We were also rated on our knowledge of our clients business as a supplier. We constantly strive to improve our service to best meet our clients needs and are delighted with the results we received. We will be working closely with our Agents over the next year to strengthen this knowledge even more!

To receive a 'good' or 'excellent' rating from **95.7%** of respondents when asked how customers would rate us when recommending our service is a fantastic achievement! Thank you to all of our clients who voted for us at this year's ESTA Awards and congratulations to those who were shortlisted for awards themselves!

Developments



Christopher Leonard
Business Development Manager

"We constantly review our processes and procedures to ensure that we deliver excellent service to our customers. We pride ourselves on engaging with our clients to continually improve the service we provide.

We're also delighted that our scheme was shortlisted for Property Drum and ESTAS awards this year, particularly as the ESTAS are voted for by our customers."

0330 303 0030

For more information on any of our services, please contact one of our customer service agents.



The past year has been extremely busy for everybody at The DPS as we doubled the number of schemes we operate! We launched our insured scheme in April 2013, which protects deposits for the duration of the tenancy no matter what, and also launched a brand new tenancy deposit scheme in Northern Ireland under our sister brand 'The Letting Protection Service Northern Ireland'. We have also introduced some important enhancements to our custodial scheme, based on customer feedback.

Enhanced bulk upload

Our enhanced bulk upload process allows agents to download multiple tenancy deposit details into one easy to use file. We then use this to upload the deposits for you. Once uploaded, we will ask you to make one payment for the total amount, and that's it!

Bulk repayment

This exciting new feature allows agents to submit multiple repayment claims in one easy process. We will send a unique repayment ID when a batch is created, so you don't need to enter individual Repayment IDs for each deposit.

Enhanced overseas payment functionality for Tenants

Tenants who want to have their deposits returned to a bank account outside of the UK can now request this through the online repayment claim process. The majority of countries are included and any administration charges are calculated and deducted at the point of payment.

Training and events

The DPS team have been out and about more than ever during the past year! So far we have attended:

- › The Landlord and Letting Show Coventry
- › The Landlord and Letting Show Edinburgh
- › The Landlord and Letting Show London
- › The South West Landlord Expo
- › The ARLA National Conference
- › The NALS Conference
- › The ESTA Awards
- › The Negotiator Awards - where we were proud to see so many of our clients win awards!

We have also hosted over 12 of our own dedicated ADR workshops, which received great feedback. We'll be holding more of these throughout 2014.

Looking Forward (page 1 of 2)



Kevin Firth
Director

"We recognise that the lettings industry is constantly changing and so customer feedback is central in how we drive innovation. We'll be attending events, visiting clients and asking for your feedback as much as possible over the next year and I'd love to hear from you.

Consumer protection is extremely important to me, and I will personally be working closely with SafeAgent and other industry bodies to help improve it over the next twelve months."

2014/15

These enhancements to The DPS are currently in development, and will launch in 2014.

End of tenancy and dispute process

We will be streamlining the end of tenancy process by asking agents to submit the reasons for all deductions at the start of the ADR process. All parties will be notified of the reason for a dispute at the outset, and they will be asked to submit evidence simultaneously. This will reduce the whole process from 62 days to a maximum of 42. We are also recruiting more adjudicators this year, so expect to see this figure reduce still further.

Account Management

We have received really positive feedback for the account management services that we offer our agents. Consequently, during 2014, we will be enhancing these services further and offering greater support to more agents.

Tenant transfers

Our online tenant transfer facility that lets agents change the tenant mid-way through a tenancy will be reintroduced. This can make it easy to manage an agreed tenant swap, if the agent isn't looking to retain any part of the leaving tenant's deposit.

Quarterly agent reports

We will be communicating with our agents more than ever this year and introducing quarterly newsletters to keep you up-to-date with the latest developments. These will now include statistics on protected and repaid deposits, disputes and industry trends for comparison. We will include industry news and keep you informed of any improvements to our service.

Charity donations

In 2014 we launched The Deposit Protection Service Charity Donations Fund, which supports charities in the housing sector. We will be making up to £80,000 worth of donations each year. More information on this service can be found on our website.

Contacting us - change of phone number

We have introduced a new '03' number. This will be charged at standard rate, and is included in the minutes of most mobile phone and landline bundles. We are the only scheme to offer this type of number, which is effectively free to most!

Client review panel

This year we will be asking for more feedback from our agents. We will be launching our client review panel which will meet regularly to discuss our scheme and our service.

Training and events

We will be running more ADR workshops than ever this year! We will also be producing best practice guides to support agents and landlords with each step in the deposit protection process.

Next steps for the industry

This year should see the introduction of two Government initiatives.

[How to rent](#) (formally The Tenant's Charter) is an easy to read guide to renting for both tenants and landlords, now covering the responsibilities of both parties. A lot of it is really common sense and covered in our own [handy checklist for tenants](#). Hopefully though, the really vulnerable tenants who are the most in need of this advice will become aware of its existence with a wide reaching awareness campaign. This is something that the industry will have to work on together; we will be doing our bit by linking to the guide at the bottom of all our deposit confirmation notices.

The other initiative is the requirement that [all agents belong to a Government approved redress scheme](#). These schemes, of which there are now three already (but we may see a few more spring up), will ensure that agents:

- > are transparent about their fees
- > provide accurate information about their properties
- > provide a complaint process for both tenants and landlords.

Unfortunately, whilst this should be viewed as a step in the right direction it still doesn't address the real issue. If an agent fails for whatever reason, and doesn't belong to an organisation with access to a client money protection scheme, it can have huge financial consequences for the landlords and tenants.

It seems to me that making membership of a client money protection scheme a mandatory requirement of joining a redress scheme would close off this loop hole very neatly.

As mentioned above, it's important that we all work together to raise standards in our industry and continue to contribute to Government consultations so our voices are heard.

I hope you've found this review insightful and useful and look forward to hearing any feedback you may have.

Kevin Firth
Director



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