



**28 September 2010**

### **Rental Deposit Clarification**

Landlords and tenants should be aware of significant new changes around tenancy agreements as of October 1, according to The Deposit Protection Service (The DPS).

From October 1, shorthold tenancies where the annual rental amount is above £25,000, but not more than £100,000 a year, will become Assured Shorthold Tenancies and this will apply retrospectively.

However, tenancy deposit protection should not apply retrospectively and, therefore, only new deposits and renewals taken on or after October 1 will definitely need to be protected. The advice from The DPS is to protect all deposits now as it is better to be safe than sorry.

Going forward, this closes a loophole that previously left many of the most vulnerable tenants with no protection. Higher rate tenancies were not originally included under tenancy deposit legislation, which only covered ASTs up to £25,000. Tenancies valued higher than this were seen as contractual tenancies and deposits did not need to be protected.

But this situation, according to The DPS, left some groups such as students or large house-shares vulnerable.

Kevin Firth, Director of The DPS, said: "While it is natural to think of a high value tenancy and conclude that we are in the realms of the rich and successful, often the opposite is true.

"Students, for example, often group up and move into large houses, paying a combined rent that easily exceeds £25,000 annually. People working hard to get through university should be afforded the same protection as young professionals or families renting a smaller house.

"The government move to expand the deposit protection scheme is the right thing to do".

The Deposit Protection Service (The DPS) is calling for all landlords, and tenants, to be aware of this change and also to protect themselves until there has been clarity in this policy area.

Kevin added: "There has been a lot of confusion in the media as to the exact implications for the UK's landlords, and tenants, around these changes in the law.

"While the current information available states the deposit legislation will not be imposed retrospectively, we believe that landlords should be prepared and protect their deposits just in case this position changes following legal scrutiny."

**Ends**

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**Editor's Notes:**

**About The DPS**

The Deposit Protection Service is the custodial tenancy deposit protection scheme accredited by the Government. It is provided free of charge, and funded entirely by the interest earned from deposits held in the scheme. The DPS is run by [Computershare Investor Services PLC](#). Online self-service allows landlords to register and make deposit payments, transfers and repayments 24 hours a day. Help and advice is available through a dedicated call centre during office hours. An impartial Alternative Dispute Resolution (ADR) service, helps to resolve any disputes quickly and without the need for court action.

For more information, visit [www.depositprotection.com](http://www.depositprotection.com)

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