



Tenancy Deposit Protection Scheme

From 6th April 2007, all deposits taken by landlords in England & Wales must be protected by a Tenancy Deposit Scheme. To avoid disputes going to court, each scheme will be supported by an alternative dispute resolution service (ADR); whose aim is to make disputes faster & cheaper to resolve.

Tenancy Deposit Protection has been introduced to:

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- ✓ Ensure good practice in deposit handling, so that when a tenant pays a deposit, & is entitled to get it back, they can be assured that this will happen.
- ✓ Assist with the resolution of disputes by having an Alternative Dispute Resolution (ADR) service.
- ✓ Encourage tenants & landlords to have, from the outset, clear agreement on the condition of the property, using best practices such as Independent Inventories
- ✓ Landlords will be able to choose between two types of schemes: a **custodial scheme** or an **insurance-based scheme**.
- ✓ In each scheme, the deposit must be returned within 10 days of the landlord & tenant agreeing how the deposit should be divided, or within 10 days following notification of an ADR/court decision

Custodial scheme

- ✓ The tenant pays the deposit to the landlord or agent who then pays the deposit into the scheme.
- ✓ Within 14 days of receiving a deposit, the landlord or agent must give the tenant the prescribed information about the scheme being used.
- ✓ At the end of the tenancy, if both parties agree how the deposit should be divided, they will tell the scheme
- ✓ The scheme returns the deposit, divided in the way agreed by both parties.
- ✓ If there is a dispute, the scheme will hold the amount until the dispute resolution service or courts decide what is fair.
- ✓ The interest accrued by deposits in the scheme will be used to pay for the running of the scheme
- ✓ Any surplus interest will be used to offer interest to the tenant, or the landlord depending on the terms of the tenancy agreement.

The Deposit Protection Service (The DPS)

The DPS is the only custodial deposit protection scheme, is free to use and open to all Landlords and Letting Agents. The service is funded entirely from the interest earned from deposits held. Landlords and Letting Agents will be able to register and make transactions



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online. Paper forms will also be available should internet access be an issue. The scheme will be supported by a dedicated call centre and an independent dispute resolution service.

For more information, visit the website below or telephone 0844 4727 000.

www.depositprotection.com

Insurance-based schemes

- ✓ The tenant pays the deposit to the landlord or agent
- ✓ The landlord retains the deposit & pays a premium to the insurer - the key difference to the custodial scheme.
- ✓ Within 14 days of receiving a deposit, the landlord or agent must give the tenant prescribed information about the scheme being used.
- ✓ At the end of the tenancy, if the landlord & tenant agree how the deposit should be divided, the landlord or agent returns all or some of the deposit.
- ✓ If there is a dispute, the landlord or agent must hand over the disputed amount to the scheme for safekeeping until the dispute is resolved.
- ✓ If for any reason the landlord fails to comply, the insurance arrangements will ensure the return of the deposit to the tenant if they are entitled to it.

mydeposits

mydeposits is a partnership between the National Landlords Association and Hamilton Fraser Insurance. This insurance-based tenancy deposit protection scheme enables landlords, either directly or through agents, to hold deposits. Letting agents can also join the scheme.

For more information, visit the website below or telephone 0844 980 0290.

www.mydeposits.co.uk

The Tenancy Deposit Scheme (TDS)

TDS is an insurance-backed deposit protection and dispute resolution scheme run by The Dispute Service that builds on a scheme established in 2003 to provide dispute resolution and complaints handling for the lettings industry. The new scheme enables letting agents and landlords to hold deposits.

For more information, visit the website below or call 0845 226 7837.

www.thedisputeservice.co.uk

Don't leave it to chance.

Inventories are an essential piece of documentation. The inventory of contents & schedule of condition is prepared to avoid any misunderstanding at the end of the tenancy. Without such safeguards it will be impossible for the Alternative Dispute Resolution (ADR) service to determine any loss or damage to the property or its contents.

www.professionalpropertyinventories.co.uk