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Rental Property Knowledge: a website for Landlords, Letting Agents and Tenants. This site hosts the **UK's busiest rental property forum**

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# LandlordZONE

RENTAL PROPERTY KNOWLEDGE

## Managing Tenancy Deposits—The Importance of Inventories

Now that the Government's **Tenancy Deposit Scheme** (TDS) is underway (started 6th April 2007 for new tenancies) landlords and agents need to get used to managing it.

A key aspect of the scheme will be dispute resolution and the provision of **evidence** to support both the landlord's and the tenant's cases.

This now very much brings to the fore the use of **inventories** and the role of the **independent inventory clerk**.

For this month's Newsletter Jonathan Senior of Inventory-Clerk.com inventory clerk training and Inventory-Clerk.net the inventory clerk network provides some useful advice regarding inventories and evidence.

As a brief reminder (see last month's Newsletter) **Landlords are ultimately responsible for protecting tenant's deposits** (if they take them) even when an agent handles this for them, using one of the new schemes.

The free **custodial scheme** holds the deposit independ-

ently whereas the two **insurance schemes** allow the landlord or agent to hold the deposit as before.

It will be left up to the landlord or his/her agent to decide which scheme to use. They must then by law provide certain **information** to the tenant within 14 days of when the deposit is paid over:

- landlord or agent's contact details

- the tenancy deposit scheme to be used plus all contact details for the scheme

- the purpose of the deposit, e.g: damage, unpaid rent, items missing, cleaning & clearing.

- how the tenant applies for the deposit's return.

- what happens if there's a dispute. See S 213 Notice [The Housing \(Tenancy Deposits\) \(Prescribed Information\) Order 2007](#)

If it comes to a dispute all schemes provide ADR

### Welcome

Landlords and agents are free to decide whether to take deposits or not, but if they do they must protect them under one of the new schemes.

These schemes were brought in after lobbying pressure from government backbenchers and others (Shelter & CAB) despite a government trial & report concluding that legislative intervention was not needed.

The schemes are likely to be

controversial and it will be some time before we know their full implications: the practical difficulties involved in working the schemes, the effectiveness of the ADR systems and their full impact on the residential letting market. However, one thing is certain: landlords/agents will need to be more professional in the way they manage their lettings. They will need to have very



(Alternative Dispute Resolution) systems when both parties are in agreement to use this, otherwise the dispute will be handled by a court as before.

The **Inventory** is now going to become a vital component—a key management tool—which landlords, agents (and indeed tenants) will rely on as evidence if and when it comes to a dispute.

Initially the inventory may be completed by the landlord, the agent or an independent inventory clerk, providing a detailed list of contents and a schedule of condition.

Photographic evidence may also be appended but it's vital that this, and the inventory itself, is acknowledged by signatures from both parties.

good information—furniture and equipment purchase records, estimates and invoices for all work done, client accounts for deposits where the insurance schemes are used, and very good inventories. The new layer of bureaucracy will bring a boon for the Independent Inventory Clerk, another windfall for the lawyers, and quite a bit more work for agents, and the landlord. It's an ill wind...

Tom Entwistle, Editor

## Evidence-Based - What Does It Mean?

What are the implications of the Tenancy Deposit Schemes ?

There are no doubt many, but one term banded about and yet little discussed it seems, is that of the "**evidence-based scheme**".

Whatever scheme landlords use, whether insurance based or custodial, and to avoid disputes having to go to the courts, both schemes are supported by an Alternative Dis-

pute Resolution (ADR) service - although we know the use of an ADR service is not compulsory.

But if used, any dispute at the end of the tenancy can be referred to the ADR service provided both parties agree to be bound by the ADR decision.

If either party does not agree to use the ADR service, the option of referring the dispute to the courts will re-

main.

The ADR service will be impartial and evidence-based we are told.

But even if either party opts for the court route instead of the ADR route to settle disputes, they still require evidence for what is claimed for.

In other words, again, their claim must be evidence-based—which basically means a good inventory.

[Housing Act 2004](#)  
[Section 213 Notice](#)



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20,000 Landlords now have access to this highly competitive service.

The Let-Only service is particularly popular (3% of gross rent).

Available throughout the UK.



## ADR and The Inventory

Tenant Deposit Solutions (TDS), one of the alternative dispute resolution services, will offer what they call **ag-grieved tenants** an "independent, impartial and evidence-based resolution to any claim", they say.

NLA chairman David Salisbury, who is also chairman of the TDS goes on to say:

"Our insurance based scheme will enable landlords to hold deposits, giving them a form of security against any damage that may occur during a tenancy".

But what if a claim is made?

"What evidence will landlords require to validate their claim" asks Jonathan Senior, head of training for Inventories Online Ltd, a nationwide, web-based inventory clerk training and booking system.

Evidence surely means "having some form of data verifying compliance with the scheme" he continues. Such evidence is a "good inventory" according to Inventories Online.

But there are inventories and there are inventories, they say. Some scant and

limited in detail, some excessively detailed and difficult to read and understand. Some have been seen on Post-It-Notes and even once on a scrap of crumpled tissue paper. In order that any ADR service is fair when deciding on deposit apportionment, the service will surely require that complaints are accompanied by sufficient and relevant evidence, evidence which is "accurate, detailed and verified" and according to Senior, "a rarity", in his experience.




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## Anti fly-tipping Campaign, Buckinghamshire

Four district councils within Buckinghamshire have been running a campaign against fly-tipping since 2003. Significant reductions in illegal dumping have been recorded. Over sixty convictions [31 in 2006, resulting in fines and costs at court of over £53,000] have resulted. A recent High Wycombe case involved waste dumped having been left at

a rented property and which was cleared on behalf of the letting agent. The letting agent failed in his duty of care to ensure that the waste was removed by a registered waste carrier and disposed of lawfully. He was convicted and had to pay costs of £960 as a result. The dumper was also convicted and faces a

significant community punishment plus costs of £960. In November 2005, legislation extended the waste duty of care responsibilities to all occupiers of domestic premises in England and Wales. Failure to observe the new rules can lead to a fine of up to £5,000. David Rounding  
Enforcement Officer – Waste Management.

## Disputes and Inventories

Anecdotally we still hear of courts favouring tenants where deposits are in dispute.

It is little wonder when courts have little or no evidence to work with that they award in a tenant's favour.

Although it is possible that where a claim was valid in its own right, by default a decision must be made, even if the case is thrown out.

To avoid unnecessary claims therefore, or even to help either landlord or tenant to succeed with a claim, providing the claim is justifiable that is, landlords and tenants must obtain a 'proper inventory'.

Be warned though, photos on their own are insufficient, they are difficult to verify. We know with today's technology one can manipulate such media to suit a need. Photos accompanying or even better still, embedded within a signed inventory make for good evidence. Video is

almost certainly out of the question on its own. "Where can you sign a video" asks Jonathan Senior.

What both parties must sensibly have at time of tenancy start is a 'good inventory', with or without photos. One which is agreed to with any appropriate alterations included; and ensuring it is dated and signed by both landlord (agent) and tenant, no differently than with a tenancy agreement. Landlords or agents wouldn't dream of a tenancy without an agreement, so why not have a signed inventory at the same time?

Without this, how can an ADR service or court, if it comes to it, find fairness? According to Inventories Online, a good inventory lists each room within a property, then lists each component of the room, that is a door or

window, the ceiling and walls, lights and floor, even power sockets and switches. Then each item of content is added; furniture, kitchen items, bathroom fixtures etc. Each component and item is then given a condition comment. If a claim is made the ADR service or courts can see what was originally agreed upon and then what differences there are, thus allowing for fair apportionment.

We are left with a problem however, says Inventories Online; there are still only a few hundred properly trained inventory clerks in the UK. "We need several thousand trained clerks if only half the current landlords and tenants want sufficient support"

Jonathan Senior says. "Why is it that we have such a scheme without addressing a simple yet fundamental need"



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### Software Review: Business Accounts by Accountz.com

We've all probably used **accounting packages** over the years, and let's face it, you do need computer help to save time and get things right with accounts, especially if you are busy and have several rental properties to manage.

However, learning the package generally means a fair investment of your time, and some of them are very expensive, specialised & complex.

You don't want to go down the road of investing too much time and money into a package which, at the end of the day, is too complex, too sophisticated to fully understand and not that easy to

use—inevitably your use of it will lapse.

Also, you want a package which is here to stay, not cancelled from the market like one leading US brand was a couple of years ago.

This is where a package like **Business Accountz by Accountz.com** comes in. We did a fair amount of research into accounting packages recently to find one that suited our needs exactly: a Personal Accounting system and a Business one as well.

We were recommended to the Accountz packages produced by Accountz.com as being extremely straightforward in

terms of ease of use and understanding of the technical accounting terms used.

Both the Personal and Business packages universal in use, based on a double entry system which is very straightforward and inputting data is the easiest I've ever come across.

The designer & developer of Accountz.com is currently working on a property management fact sheet & module. At these special prices Personal Accountz £34.99 (rrp£39.99) and Business Accountz £64.99 (rrp£69.99) are ideal for landlords /agents

Tom Entwistle, Editor



### Landlord Show—Olympia Conference Centre

LandlordZONE members are invited to attend for FREE the UK's premier landlord events, at Manchester City Hall on **Thursday, 10th May 2007**.

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## Setting Standards—Inventory Clerks

How can landlords or tenants provide appropriately detailed inventories without the right information or training? Where can they find such help? There isn't much it seems. There is no universally recognised standard. Certainly there's nothing consistent, even within the industry. If one buys or downloads one of the many inventory templates or inventory packs from bookstores or the web, you will see they're inconsistent. In time, especially when the ADR service and

courts find themselves overwhelmed with cases difficult to decipher, we may see an initiative to bring the inventory clerk service to the forefront of the letting's industry consciousness. Until that day we suggest landlords and tenants ensure they have sight of, examine, comment upon and agree to a good inventory when signing their tenancy agreements. For more information on how to obtain an instant price quote and book a trained inventory clerk go to

[www.inventoryclerk.com](http://www.inventoryclerk.com), or look directly for a clerk on their sister web site at [www.inventoryclerk.net](http://www.inventoryclerk.net).

Inventories Online Ltd can be contacted on 0845 6123 727 or email [post-box@inventoryclerk.com](mailto:post-box@inventoryclerk.com).

Jonathan Senior, head of training can be contacted on 0845 3311727 or email [js@inventoryclerk.com](mailto:js@inventoryclerk.com)

For a full listing of Inventory Clerks go to [Inventory Services](#) on the Landlord-ZONE Directory



## The Property Investor Show—GMEX Manchester 1-3 June 07

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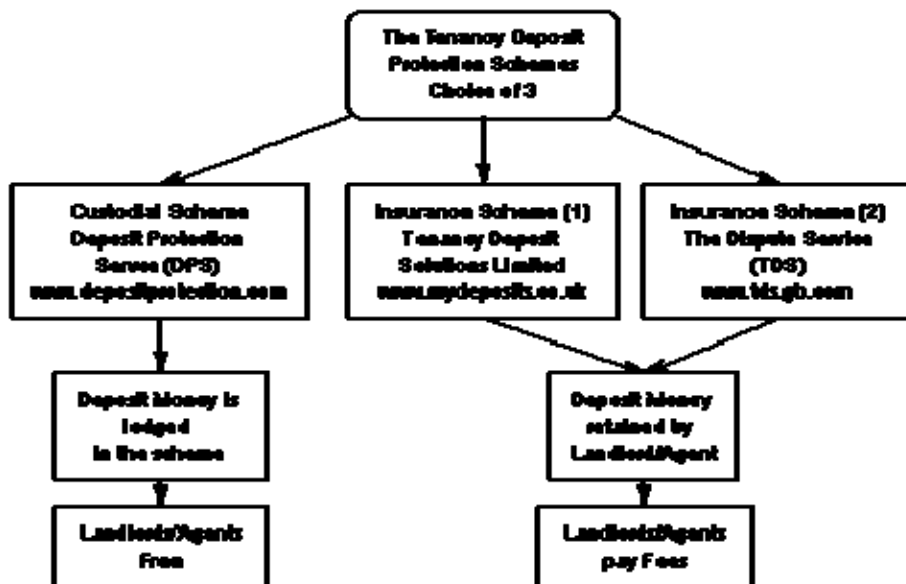
Put simply - it is the dedicated property event for serious buyers at every step on the property ladder. So if you are considering buying for investment or residential purposes, in Manchester, The North West, other parts of the UK or abroad ... it will answer all of your questions.

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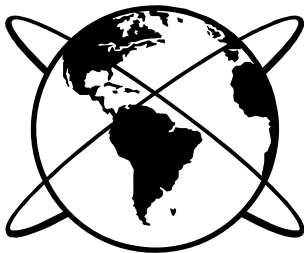
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### Rental Property Knowledge

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