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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**

Highlights:

The Tenancy Deposit Scheme—6th April 2007

The Custodial Scheme

Two Insurance Schemes

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LandlordZONE

RENTAL PROPERTY KNOWLEDGE

The Tenancy Deposit Scheme—Starts 6th April 2007

As the new **Tenancy Deposit Scheme** is due to commence at the start of the tax year (6th April 2007) we thought it would be a good idea to devote the whole of this March 2007 issue to it.

There's bound to be some panic and confusion as the scheme is introduced, so it's as well that landlords and agents have as much information as possible beforehand.

From 6 April 2007, all deposits taken by landlords for Assured Shorthold Tenancies in England and Wales **MUST** by law be protected by a **tenancy deposit protection scheme**. From this date, tenants will want to know details of the scheme when signing a new tenancy agreement.

Existing tenancies (started before 6th April 2007) will not be affected, nor will periodic tenancies which run-on after that date. However, a tenancy commenced before the scheme starts, but **RENEWED** after (i.e. a new AST agreement is signed)

Welcome

If you are about to let your property you might just have time to miss the **April 6th deadline for the new Tenancy Deposit Scheme**, but any lettings you do after that date, and any tenancy renewals will have to come into the scheme. Of course, there's no law which says you must take a deposit, so you don't need to become involved if you don't want. But most landlords/agents

will have to be included in the scheme.

In 1998 The Citizens Advice Bureau published *Unsafe Deposit*, a report describing how tenants were cheated by unscrupulous landlords.

They successfully campaigned with housing charity Shelter to get an amendment included in the Housing Bill 2004 to introduce such a scheme, similar to one in Australia.

Government estimates show that 70% of the 2.21 million private tenants in England paid deposits averaging £510 – adding up to £800 million. They claim that one in five tenants have problems with deposits.

Landlords can choose between a **single custodial scheme**, run by an appointed government agency (Deposit Protection Service) and **two insurance schemes**:

(1) Tenancy Deposit Solutions Ltd (TDSL) run jointly

take deposits because of the protection afforded by them and the sense of responsibility they impose on tenants.

If you opt to join the custodial scheme then it's free to the landlord/agent as it will be funded from the interest earned in the fund. If you like the idea of holding on to the deposit monies then you have the option of joining one of the insurance schemes and



by the National Landlords Association and Hamilton Fraser Insurance and

(2) The Tenancy Deposit Scheme (TDS) run by The Dispute Service Limited.

The **custodial scheme** will involve the landlord in lodging deposits in the scheme and is **free to the landlord or agent**.

With the insurance schemes the landlord or agent will retain the deposit as at present, but will need to lodge it with the scheme in the event of a dispute.

The **landlord or agent will pay an annual premium** to belong to one or other of the insurance schemes.

We look into these in more detail in this newsletter.

paying the fees.

It remains to be seen how easily landlords will be accepted into the insurance schemes, but it will certainly help if they are members of one of the landlord associations, and/or local accreditation schemes.

This March 2007 issue of the LandlordZONE Newsletter contains all the links and information you will need to decide.

Tom Entwistle, Editor.

The Custodial Scheme—What is it?

The custodial scheme is to be **provided free of charge** for landlords and agents, paid for by the interest earned on the monies deposited into the scheme fund.

It is to be run by financial and investor services company **Computershare Investor Services Plc** who have been awarded a contract by Government.

This company have administered a similar deposit scheme in the Australian state of Victoria for the last eight years.

Online self-service will allow landlords to register and make deposit payments, transfers and repayments 24 hours a day.

Paper based transactions will also be supported. Help and advice will be available through a dedicated call centre during office hours.

An independent Alternative Dispute Resolution (ADR) service, run by the Chartered Institute of Arbitrators, will help to resolve any disputes quickly and without the need

for court action.

How does The DPS work?

The tenant pays the landlord or letting agent their deposit.

The landlord/agent pays the deposit into The DPS within 14 days of receiving it.

Following receipt of the deposit, The DPS will provide confirmation and details of the protection scheme being used to both the landlord/agent and the tenant.

Continued below...

Custodial Scheme Computershare Investor Services Plc

*If you intend to use the Custodial Scheme you should register your interest now:
depositprotection.com*



LettingAgent.com

An initiative by Award Winning Landlord Mortgages.

The service is very flexible and provides effective property management at a fraction of the cost of traditional Letting Agents.

Renting out a property can be a lot harder than it looks. Long-term landlords need to treat rentals as a business and run it professionally. You also need to be ready to tackle several challenges in a competitive market – a company such as **LettingAgent.com** can help you overcome each of them.

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.

For details call **0800 183 0070** or visit the website



The Custodial Scheme—how it works

The tenant pays the deposit to the landlord/agent who pays it into The DPS within 14 days of receiving it.

The DPS will provide confirmation and details of the scheme to both the landlord/agent and the tenant.

At the end of the tenancy, the landlord/agent and the tenant agree repayment of the deposit and inform the scheme. The deposit repayment, divided accordingly and including any interest accrued, will be paid to each party within

10 days.

If there is a dispute, The DPS administrators return any undisputed amount (plus interest) to the relevant party, but hold the disputed portion until the ADR service or the courts decide what is fair.

Example—A tenant pays a deposit of £800. At the end of the tenancy, the landlord wishes to keep £90 to pay for cleaning the flat and the tenant agrees.

Example 2—A tenant pays

a deposit of £950.

At the end of the tenancy, the landlord says he wishes to keep £200 to pay for damaged furniture. The tenant disagrees, claiming the furniture was damaged before.

Both agree to use the Alternative Dispute Resolution (ADR) service. £750 (plus interest) is returned to the tenant, but the disputed £200 (plus interest) is safeguarded until the dispute is settled.



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The **Tesco Business Credit Card** is the ideal way to keep your business expenses separate from your personal spending.

With one account, one balance and fantastic rewards, it can give you more control, convenience and flexibility with your business spending.



The Generation Gap in Finances

Older people on average have seen their **wealth treble in ten years** due to soaring property prices, while the young have become poorer, reports the Bank of England. 55 to 64 year olds are the biggest winners, their average

wealth increasing to a record £150,000. Those under 34 however are big losers. Over a decade, their net financial wealth has come close to zero as many of them are unable to get on to the property ladder.

House prices have risen 205% in 10 years meaning more and more people are now caught by Inheritance Tax.

With another 5/6m population increase predicted by 2020 the trend looks set to continue. [Quarterly Bulletin Q1 2007](#)

Insurance Scheme (1) (TDSL)

Tenancy Deposit Solutions Ltd (TDSL) is a company jointly owned by the National Landlords Association and Hamilton Fraser Insurance (HFIS plc).

They have been awarded a **government contract** to operate an insurance-based tenancy deposit protection scheme.

The scheme will be sponsored by the **NLA** and administered by **Hamilton Fraser Insurance**, a company authorised and regulated by the Financial Services Authority.

An insurance based tenancy deposit scheme is a **membership scheme** allowing the landlord to continue to hold any deposit they take from a tenant during the period of the tenancy agreement.

The **landlord will be required to pay a fee** to protect any deposits taken from a tenant. If there is a dispute over the return of the deposit at the end of the

tenancy, the scheme, supported by an insurance policy, will ensure that the amount to which the tenant is entitled is returned.

As necessary, the scheme insurers will recover the disputed amount from the landlord.

The scheme is also required to provide **deposit dispute assistance (ADR)** which will be provided free of charge to all parties.

Any landlord resident in the United Kingdom (excluding the Isle of Man) can apply to join the scheme.

Membership of the scheme is **not dependent on membership** of any trade body or professional organisations, though concessions are available for members of NLA or recognised professional associations for agents.

Standard Individual and Com-

pany fees—Landlords Joining Fee—(all including VAT) £58.75 Deposit Protection Fee (per deposit incl. VAT) £30.00 Annual Renewal Fee (incl. VAT) £14.70

NLA Members £47.00 £26.00 (1st 4 protections only) £14.70 respectively.

Letting Agents and Managing Agents Joining Fee per branch (exc. VAT) Members of ARLA, NAEA, RICS, NALS and UKALA £100.00

Deposit Protection Fee (per deposit exc. VAT) £20.00

Annual Renewal Fee per branch (exc. VAT) £50.00

Other agents £150.00 £30.00 £75.00 respectively.

Agents can register and set up an account now, but landlords will need to wait until after the 6th of April to do this.

Full details on the website: www.mydeposits.co.uk



[Tenancy Deposit Solutions Limited](#)



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The UK's leading web site for Students and Student Landlords

Landlords:

- Advertise your properties quickly and easily, for just £5 per property per month. (Discounts are available for bulk uploads and long advertising periods).
- Include images, maps, features, pricing, contact details, and more

- We display performance reports and track the enquiries made by students about your properties
- 1000s of emails are sent by our student visitors to landlords on our site everyday.
- Over 5000 student landlords already registered and using our site.



[Click here to create an account now](#)

Software Review: Personal 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 and 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 **Personal 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 these Personal and Business packages are based on a double entry system which is very straightforward and inputting data is the easiest I've ever come across.

Unless you are involved with VAT the Personal Accounts package is all you will ever need for property management and at the special price of £34.99 (rrp£39.99) its ideal for the household and small to medium landlord.

Business Accountz
(rrp£69.99)

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**.

Landlord Show features FREE seminars by industry experts and leading suppliers exhibiting the latest products and services. Offering great networking prospects, and many opportunities of saving you time and money.

If you're looking for expert advice and great deals from serious landlord service providers, you won't find more anywhere else.

To claim your free visitors pass visit www.landlordshow.co.uk or call 0800 321 3028.



Insurance Scheme (2) The Dispute Service

The Tenancy Deposit Scheme run by TDS was originally set-up for **regulated agents** around 5 years ago. Still primarily aimed at letting agents, the scheme does however make provision for landlords to register. Regulated agents are members of the Association of Residential Letting Agents, the Royal Institution of Chartered Surveyors, the National Association of Estate Agents, The National Approved Letting Scheme (NALS) or other bodies

which regulate the activities of their members and are covered by a recognised bonding scheme which protects and insures deposits. The agent or landlord holds the deposit as at present or in a special client account. A company called The Dispute Service (The Dispute Service Limited) has been set-up to ensure protection. If there is no dispute the agent or landlord repays the deposit, but if there is a dispute the agent or landlord is given a couple of weeks to resolve it.

After that, any disputed amount is transferred to TDSL and an adjudicator is appointed who will issue a decision within 10 working days of receiving all the necessary evidence. Fees for landlords (Ex VAT per property, per year) Members of landlords' trade associations £40.00 Unaffiliated landlord £95.00 Fees for members of landlord accreditation or other schemes to be determined. Full details in TDS web site: <http://www.tds.gb.com>



[Tenancy Deposit Scheme for Regulated Agents](#)

The Homebuyer Show & Property Investor Show—2007

The Property Investor Show, NEC Birmingham, 23-25 March

Following 5 highly successful years in London, Homebuyer Events is delighted to present at the NEC Birmingham **for the first time** 23-25 March 2007.

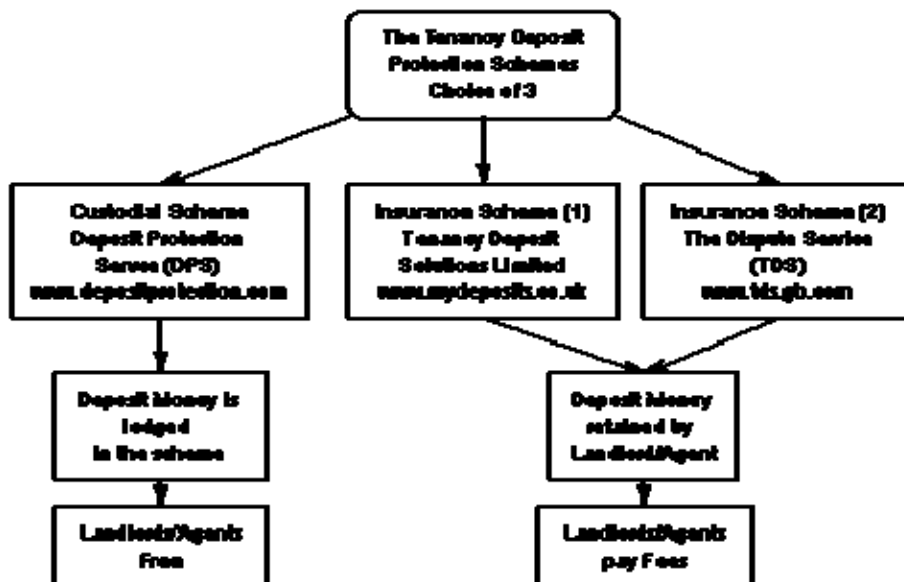
The show is the dedicated property event for serious investors at every step on the property ladder. So if you are considering buying for investment or residential purposes, in the Midlands, other parts of the UK or abroad, The Property Investor Show will answer all of your questions.

The show will feature property and property-related services from around 100 exhibitors - including major house builders, developers, estate agents, lenders, brokers, investment training companies and other leading property experts...plus - its unrivalled programme of information seminars will cover all aspects of property investment, finance and management.

To register for **FREE admission** to the show click here—link: <http://www.propertyinvestor.co.uk/birmingham/register.asp?pc=LZONE>



The Three Tenancy Deposit Schemes available to Landlords & Agents



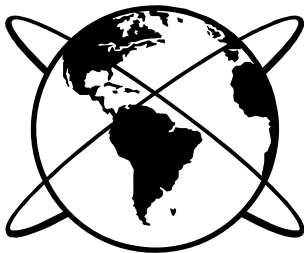
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Rental Property Knowledge

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[Newsletter Archive](#)

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LandlordZONE® - Established in 1999 - is a portal website for landlords, tenants & letting agents - a knowledge-base for practitioners, and a marketplace for buyers and suppliers. It gives Free access to all - and with around 300,000 + visitors per month the site is a key focal point for the rental property industry. The site hosts the busiest rental property Question and Answer Forum in the UK.

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