



Getting better letting agents

A guide to help Londoners investigate bad practice
By Sian Berry, Green Party member of the London Assembly
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Getting better letting agents

This guide is for all Londoners, including local renters' groups, who want to take action to improve renting in our city.

It will help you better understand the current rules for letting agents, including the Mayor's own London Rental Standard, and help you do a 'secret shopping' exercise to find out if letting agents in your area are doing their jobs properly.

The Mayor has said he wants to 'name and shame' bad landlords and I hope to persuade him to also include law-breaking letting agents in his new database.



The Government has recently said it aims to abolish letting agent fees to tenants, but this will be subject to a consultation and we can expect a fight against this plan from the industry.

Londoners can use this briefing to get together and gather their own evidence. This will help all of us to build up a clearer picture of high fees and bad letting agents across London to support a change in the law.

On the London Assembly, I have been listening to renters and my Big Renters Survey this year asked about your experiences of the private rented sector. The results show that costs are too high, renting is too precarious and that the quality of landlords and letting agents varies widely, with many failing basic standards.

Many of you told me that if there were a London-wide renters' organisation, the most important thing it could do is investigate and take action to improve conditions for tenants.

I am pushing for the Mayor to support an organisation like this and will continue to call for bolder action on rents.

It's down to all of us, working in our communities, to show the Mayor and the Government we need better policies and stronger laws. This guide will help us to work together and achieve this.

A handwritten signature in black ink, reading 'Sian Berry'.

Sian Berry

Green Party member of the London Assembly

My work so far on renting

My Big Renters Survey, published in October 2016, showed that only one in five of renters' last letting agents were 'good'.

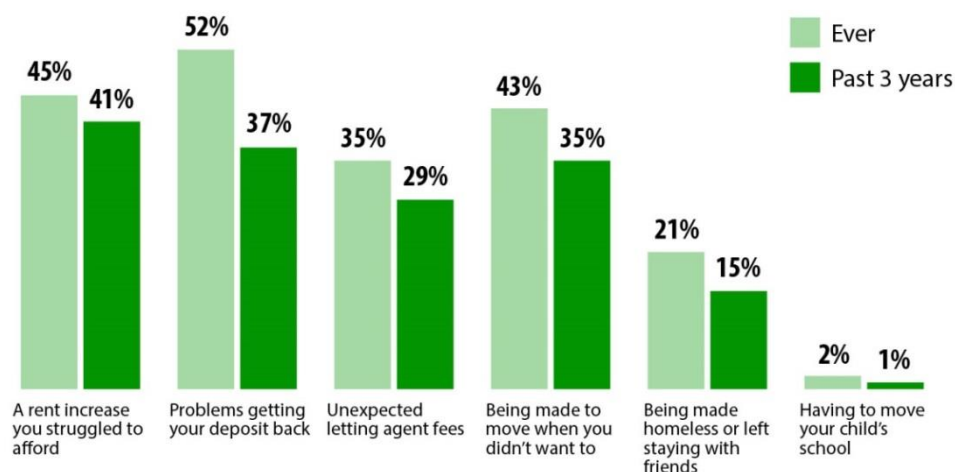
More than a third of renters had been charged unexpected fees by a letting agent, with 29 per cent experiencing this in the past three years.

You can see more of the results of my survey, and get details of the average amounts spent on rent in each area of London, on the interactive map on my website and in my full report.¹

VERDICT ON LAST LETTING AGENTS



MOST COMMON PROBLEMS – COSTS AND CONTRACTS



What should a renters union do?

In my survey, renters gave taking action to investigate bad landlords and letting agents an average score for importance of 9.3 out of ten, making it the most popular thing an independent renters' organisation for London could do.

A possible renters union – most popular services

Average score out of ten for importance



High rents and outrageous fees

According to Shelter, more than half the two million private renters in London struggle to pay their rent on a regular basis.² Generation Rent has noted that out of any region in the UK, London's renters face the worst conditions.³

It's clear that some letting agents in London are also cashing in with sky high charges for minor administration tasks. Research for Citizens Advice showed that credit checks can be anything from £21 to £300 and administration fees from £50 to £450. Some renters have even been faced with a £150 fee to 'check out' of their flat.⁴

A change in the law on letting fees?

Agency fees to tenants have been banned in Scotland since 2012, and the Government has recently announced it wants to bring in the same change for England and Wales.

The Autumn Statement on 23 November 2016 said:⁵

"Letting agent fees – The government will ban letting agents' fees to tenants, to improve competition in the private rental market and give renters greater clarity and control over what they will pay. The Department for Communities and Local Government (DCLG) will consult ahead of bringing forward legislation."

The change in the law will be put up for consultation soon and then introduced into Parliament. The statement said:

"The government will bring forward a green paper in Spring 2017 that will closely examine markets which are not working fairly for consumers."

Throughout this process, we can expect stiff opposition to this change from the industry, who rely on the uncompetitive nature of letting fees to exploit tenants (you can't 'shop around' to find an agent with lower fees if only one has the property you want to live in). Londoners and those representing them will need to respond in strength to the consultation and make the case against any amendments to bring in loopholes.

Evidence is needed more than ever to show that the current rules on letting agents are not working properly and that the law needs to change. This guide is part of that: it will show you how to check your local letting agents, get better enforcement from your council, and demonstrate how important it is to change the law now.

What rules must letting agents follow now?

If you want to rent a home through a letting agent you should always know:

- exactly what you will be charged and when,
- who you can complain to if your letting agent provides a poor service.
- what will happen to any money you pay them, including deposits.

Since May 2015, in England and Wales a letting agent must by law display details of the fees they charge for any services.

This should be clearly displayed at all of their premises and on their website. Your local council's Trading Standards service can take action against letting agents who continue to hide their fees by fining them up to £5,000 for each branch that is breaking the rules.

The Mayor's London Rental Standard

This is a voluntary set of standards set by the previous Mayor for landlords, managing agents and letting agents.

The scheme is run at arm's length from City Hall. A number of different bodies can offer training and accreditation to letting agents, who are then able to display the logo. The training for agents is essentially about making sure they know the law and how to comply, and the scheme doesn't impose additional compulsory standards of service or quality.

According to the guidelines for the London Rental Standard, agents need to have training on:

1. Fees and charges:

Landlords and tenants should be provided with a written statement setting out services to be provided and charges. Tenant charges should be published, preferably on a website.

2. Insurance:

Maintain professional indemnity insurance and have in place client money protection insurance cover through a designated scheme for example RICs, ARLA/NAEA, Law Society or NALs

3. Pre-tenancy:

Give clients advice on the level of rent they can expect to pay, arrange for relevant safety checks of properties and inform clients of defects, provide and fill in a rental agreement and take a deposit where instructed.

4. During tenancy:

Collect the rent if instructed, keeping a separate clients account to hold all money, belong to a client money protection scheme for example SAFE agent

5. End of tenancy:

Give clients advice on their options including reviewing the rent, serving correct notice on the tenant, dealing with return of the deposit in a prompt manner.

6. Complaints:

Maintain and operate a consumer complaints procedure and offer a means of independent consumer redress such as being a member of an appropriate ombudsman.

To offer London Rental Standard accreditation to an agency, schemes must require letting agents to have at least one member of staff who is trained and accredited in each branch office.

Accreditation schemes that are part of the London Rental Standard and can allow London Letting Agents to display the badge include:

- Association of Residential Letting Agents (ARLA)
- UK Association of Letting Agents (UKALA)
- Royal Institution of Chartered Surveyors (RICS)
- National Approved Lettings Scheme (NALS)

City Hall only takes responsibility for making sure the accreditation schemes comply with their obligations under the London Rental Standard, and it's down to the accreditation schemes to make sure their own members are complying.

Find out more about the scheme here:

www.london.gov.uk/what-we-do/housing-and-land/renting/london-rental-standard

When launched, the scheme aimed to accredit 100,000 landlords but, as of March 2016, only 15,279 landlords and 351 letting agent firms were signed up.⁶

You may find some of the letting agents you visit have the logo in their window.

The record sheet for our 'secret shopping' exercise asks whether the agent is signed up to this scheme, and if you have time, you can check whether an agent from the branch you are visiting has been properly trained.

Doing a 'secret shopping' investigation

This guide shows you how to quickly and easily check if local letting agents in your area are complying with the law.

Some local groups have already done these exercises, with the support of larger organisations such as Generation Rent or Renters Rights London, and have won real action locally.

CASE STUDY – what secret shopping can achieve

A group of renters in Hackney performed a letting agent secret shopping exercise in ten of Hackney's letting agents, uncovering that six of them were not displaying their fees, as required by law.

One of the renters said: "Several of the staff I spoke to did not even know what fees were, let alone the fact they are meant to show them clearly."

The group passed the details of the offending letting agents over to Hackney Council and put pressure on the council to take action.

The council is now stepping up its investigative work to make sure that all letting agents are following the law, and this will help some future tenants from being exploited.

Read more: **www.londonpropertylicensing.co.uk/hackney-council-enforce-new-rules-letting-agents**

Action plan for gathering your own evidence

Carrying out a 'secret shopping' exercise involves a fairly simple set of steps. It can be done in one afternoon and a small group of interested people is all you need to get started.

A good action plan looks like this:

1) Find out where your local letting agents are.

Use this search tool to find letting agents in your area: www.rightmove.co.uk/estate-agents.html

Make a list of addresses or plot them on a map using 'My Maps' (a tool in Google Maps) to share with others in your team.

2) Get together and make a plan.

Have a formal or informal meeting of interested people. Decide who will bring the materials and record sheets you need on the day and set a date and time to meet up for the investigation.

3) Go shopping!

Meet in a central place over coffee and decide who is going to go into which letting agents. Work in pairs and make sure everyone has a copy of the record sheet to note the results and a place to meet up afterwards.

4) Gather up the results at the end of the session.

Remember to thank everyone and have time set aside for a social afterwards.



Record sheet

Give each volunteer a briefing and a checklist of things to find out. For this, you could use or adapt the record sheet shown in the appendix to this guide. This includes background info on the law and shows what people should look for at each letting agent.

Making your findings count

Once you have the results, put them into a spreadsheet or table and see how many passed and failed the test.

Use the data as evidence for changing the law

Please send the results you find – the fees charged by each agent as well as lapses in good practice – to me at City Hall so that I can share them with the Mayor and the Government.

Recent evidence from Londoners will help my work to persuade the Mayor to take more action to support renters, and will help us all to make a stronger response to the Government's upcoming consultation on changing the law.

Share your results directly with the Mayor and your other Assembly Members too, and make sure, when the consultation is launched, that you respond to the Government yourselves.

Use the results for enforcement

If you discover any letting agents failing the test and breaking the law, take action by reporting them to the local council.

Contact your council's Trading Standards department to report what you found and make a complaint. You can usually file a report simply by ringing the main council number or by submitting an online form.

Share your results

To share what you found with other renters, me and the Mayor, find a good way to present the data you gather, including the different letting agent fees you discovered.

A simple table or website page will do, but you could also plot the results on a map. Google's My Maps service lets you add the locations of the letting agents and put the data you have gathered into information boxes. Other online mapping tools include Carto.com and Tables (also called Fusion Tables) in Google Drive.

Make sure to write about what you found on your blogs, tell local campaigns and groups about it and share the map on with as many people as you can..

Get on social media

If your group wants to work on these issues again, social media tools such as Twitter accounts and Facebook pages can be a great way to keep in touch and build up an audience of supporters.

It takes much less time to set up a social media presence than a website, so you can start straight away to share your results, photos and press coverage about your work.

Tell the local papers

Release the results of your survey to the local press to help spread the word about your group and the problem.

To get their attention, write a press release about what you did and how many agents you found breaking the rules. Call one of the local reporters to see if they would be interested in meeting your group and taking a photo to illustrate the story.

Someone from your group will need to be a spokesperson - *this is less daunting than it sounds*, and will mainly involve being quoted in print rather than speaking up in person. As long as you have a clear story to tell with a few key facts, anyone can do this!

Below is a template for a simple press release you could send to the local papers.

Investigation finds YourArea letting agents breaking the law

An investigation by a group of YourArea renters has found that several/a high proportion of letting agents in YourArea are not displaying their fees, which is a breach of the law.[1]

The Government now says it will abolish letting fees and consult on these plans soon. But for now high fees can be charged by letting agents for a range of minor tasks, including changing the names on tenancy agreements, printing contracts and credit checks. Citizens Advice research shows that many of these fees can be excessive.[2]

A survey by London Assembly Member Sian Berry this year found more than one in three renters had been charged letting fees they hadn't expected.[3]

The research by renters in YourArea, conducted through a 'secret shopping' exercise, found that five letting agents out of ten surveyed did not display or disclose fees to prospective renters.

Alice Gates, a spokesperson for the new YourArea Renters group, says:

"While fees exist, we want YourArea Council to do more to enforce the law to make sure tenants are treated fairly. And we want the Mayor of London to support renters and groups like mine by setting up a London-wide register of bad letting agents, not just landlords, and supporting a renters' organisation to represent us."

The group can be reached on **YourAreaRenters@gmail.com** or on 020 9555 0121. They are on twitter at @YourAreaRenters

Editor's notes

[1] Since May 2015, letting agents by law must display details of the fees they charge. This information should be clearly and visibly displayed at all of their premises and on their website.

[2] Still let down. Citizens Advice report, March 2015

<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/housing-policy-research/still-let-down/>

[3] What are London's renters thinking? Sian Berry AM, September 2016

<http://www.sianberry.london/big-renters-survey/results/>



Contacts and more information

Renters' organisations:

Renters' Rights London: www.rentersrightslondon.org

Digs - Hackney Renters: www.hackneyrenters.org

Generation Rent: www.generationrent.org

Generation Rent's campaign website on letting fees: **www.lettingfees.co.uk**

Contact me:

Please get in touch and tell me about the results of any work you do on this issue.

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What next?

If your 'secret shopping' gets results, consider how you can continue your campaign. For example, you could repeat the exercise on different streets, or with a different focus, like Hackney Renters did in the example below.

CASE STUDY – Hackney Renters

Hackney Renters called fifty local letting agencies and found just one property available to those who claim housing benefit.

Out of the 50 agents contacted, 21 said it was company policy not to accept tenants on housing benefit, 20 admitted it was very rare and not preferred by their landlords, and a further nine agencies declined to answer.

This is discrimination against many people working full time in low-income jobs, as well as against disabled people, carers, those fleeing abusive relationships and single parents.

The group gained the support of the local council for their campaign, and raised the issue in the media.



Read more:

www.standard.co.uk/news/london/letting-agents-are-blacklisting-thousands-who-claim-benefits-a3189736.html

References

¹ Results of my research: What are London renters thinking? October 2016
<http://www.sianberry.london/big-renters-survey/results/>

² YouGov survey. Shelter, April 2016
https://england.shelter.org.uk/media/press_releases/articles/over_half_of_londons_private_renters_struggle_with_housing_payments,_as_rents_rocket

³ London's turning: Towards a sustainable private rented sector under the new Mayor. Generation Rent, September 2016
http://www.generationrent.org/london_s_turning_towards_a_sustainable_private_rented_sector_under_the_new_mayor

⁴ Still let down: How letting agents are still ripping off private renters - and what this tells us about consumer protection. Citizens Advice, March 2015 <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/housing-policy-research/still-let-down/>

⁵ Autumn Statement, Treasury, 23 Nov 2016 <https://www.gov.uk/government/publications/autumn-statement-2016-documents/autumn-statement-2016>

⁶ Mayor's Question 2016/1371, May 2016
http://questions.london.gov.uk/QuestionSearch/searchclient/questions/question_287404

This report sets out my views as an individual Assembly Member and not the agreed view of the entire Assembly.

Appendix: Record sheet for letting agent secret shopping

BACKGROUND

Letting agents are required to display the fees they charge to tenants. They must publish full details of their fees and show them prominently in all their offices.

This list of fees must clearly show if a fee covers the whole property or if it must be paid by each tenant. The description of each fee must be clear so you can understand the service or costs that it covers. The published amount must include any taxes such as VAT. If the exact amount isn't known, the agent's list must say instead how the fee is calculated.

Letting agents are also required to be a member of a 'redress scheme'. There are three such schemes in the UK: The Property Ombudsman, The Property Redress Scheme, and Ombudsman Services. Agents should also say if they are a member of a client money protection scheme – although they don't need to say which one.

If a letting agent doesn't comply with these laws, the council can fine them up to £5,000.

WHAT YOU'RE DOING TODAY

You're going to go in pairs to letting agents to check whether they are complying with these basic rules.




AT THE AGENT'S SHOP

Name of agent or company:

Branch address/street:

1. OUTSIDE

First, look at the notices in the window. Take a picture of an example.

A. Do any of the notices about properties say 'fees apply'?	
B. Are the fees detailed on the notices?	
C. Is the full schedule of this letting agent's fees listed in the shop window?	
D. Check if one of the following logos is in the window to show they are a member of a redress scheme:   (They may display the estate agent version of the second logo, which is a different colour)	
E. Check if they are accredited to a London Rental Standard compliant scheme: This logo should appear in their window if so: 	

2. INSIDE

As long as you feel comfortable, go into the agents' shop and look for where the list of fees is displayed. Guidance issued to lettings agents from their professional body says: *"The list must also be such that it is likely to be seen by customers. Ideally someone walking into an agent's office should be able to see the list without having to ask for it and if someone does ask it should be clearly on view and not hidden for example in a drawer."*

F. Is the list of fees clearly displayed so you can see it without having to ask?	
Take a photo if so.	

Ask for a list of fees if it isn't clearly shown and, if possible, ask if you could have a copy or take a picture.

G. Were you shown the list of fees or given a copy when you asked?	
If you wrote down the fees, or took a photo or were given a copy, include these details at the end of this form.	
Note any interesting details of this interaction here, e.g. did they say they didn't have a list available that day?	

Finally, ask if they are a member of a redress scheme.

H. Did they tell you they are a member of the Property Ombudsman, The Property Redress Scheme, or Ombudsman Services schemes?	
If not, can you remember what they said?	

If the staff ask you questions, don't feel you need to explain to them and just leave if you feel at all uncomfortable at any time. Any potential renter could (and should) be asking these questions too.

Do not confront the staff in the lettings agency with any legal failing that you notice. The purpose of today is to gather evidence and report bad practice later, not to be enforcement officers ourselves. Depending on what we find there may be future action to be taken.

3. AFTERWARDS

Write down here the fees you were told about (from a photo, a list or your notes), and any other aspects of the visit that concerned you or may be interesting:

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