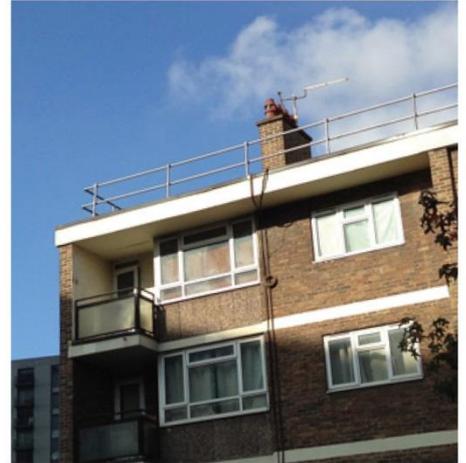


LETTING THEM GET AWAY WITH IT



A briefing by Sian Berry AM
Green Party Member of the London Assembly
March 2017



LETTING THEM GET AWAY WITH IT

When I surveyed renters last year, very high numbers of respondents had experienced problems with letting agents.

More than half of the 1,500 renters who completed my survey reported problems getting their deposits back, and more than a third had been hit by unexpected letting agent fees.

Since May 2015 it has been illegal for letting agents not to display a full list of fees in all their offices, shop windows and online. And it is also a legal requirement to show their membership of money protection and redress schemes.¹

I wanted to see how well this new system was being enforced in London, so I asked all local authorities how many complaints they had received and what enforcement activity they had carried out since the new rules began. I also produced a toolkit in December 2016 for renters to be 'secret shoppers' and check local letting agent compliance with these new laws.²

The London-wide results presented here show that very little enforcement of these new rules is being done across our city. Only a handful of borough trading standards officers appear to be responding to reports of bad practice with real investigations and enforcement action.

In total, following more than 1,350 complaints, just 444 visits have been made, 363 warning letters sent, and only 99 notices of intent and 52 final notices issued across London.



Final notices have been issued by just eight boroughs and fines by just four – Islington, Camden, Newham and Kensington and Chelsea – leaving renters in every other area of London effectively unprotected by the current rules.

In London, I have called on the Mayor to include letting agents in his promised database of rogue landlords.³ The Government will soon launch a consultation on its plans to abolish fees charged to tenants altogether.⁴

This report shows clearly that the current system is not working as intended. With over 850,000 of the UK's privately renting households living in London, I hope it will be useful evidence for the Government's consultation when it is launched.⁵

Rules on displaying fees are not enough and these are not being enforced consistently or well. Therefore, the best way of cutting out injustice when renters are at their most vulnerable is to get rid of the fees for tenants completely.

Sian Berry AM
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MY QUESTIONS TO COUNCILS

In December 2016 I asked every borough in London to provide the following data on the activities of their trading standards officers with respect to letting agents.

My questions below asked about action taken in response to complaints received and about visits to check agents were complying with the new rules. For each question I asked for details on all activity since the new rules began in May 2015

Q1 How many letting agent complaints has your council received?

Q2 How many times have your council officers visited a letting agent following a complaint?

Q3 How many warning letters have been sent to letting agents by your council?

Q4 How many Notice of Intent letters have been issued to letting agents by your council?

Q5 How many Final Notices have been issued to letting agents by your council?

Q6 What is the total amount received in fines by your council from letting agents following a penalty notice?



In total I received responses from 31 boroughs, and found that two pairs of boroughs shared these activities. Harrow and Brent reported their joint work in one set of data, and Sutton and Kingston's shared trading standards service was able to provide separate data on each borough.



OVERALL RESULTS

COMPLAINTS

In total 1,351 complaints had been received since May 2015 by councils responding to my request for information. The highest number of complaints were to Brent and Harrow (195).

The lowest number of complaints recorded was in Wandsworth, with just one received.

Islington and Camden also received high numbers of complaints, and these were also two of the boroughs with the most enforcement action. This suggests that these boroughs were also promoting the new rules more effectively than others.

VISITS FROM OFFICERS

Only 444 visits were made by trading standards officers across London. This figure includes both proactive visits and those made in response to complaints. The proportion of complaints responded to with a visit is approximately one third.

WARNING LETTERS AND FINAL NOTICES

In total 363 warning letters, 99 notices of intent and 52 final notices have been sent.

The warning letters were sent in roughly equal numbers for failings on redress schemes (178 letters) and failing to display or disclose letting fees (169 letters). Sixteen letters were sent for other reasons.

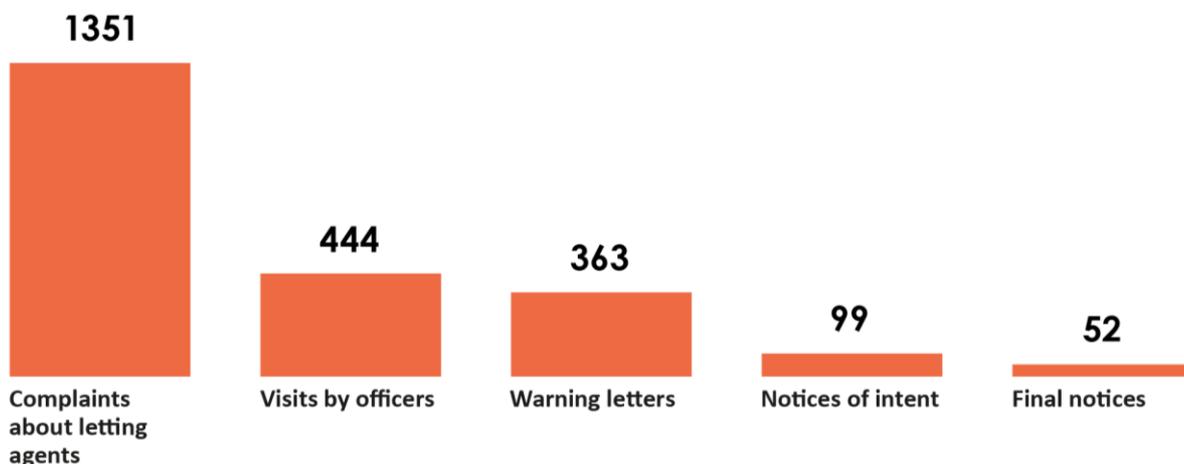
Croydon was the borough that issued the most warning letters (278) but so far has issued no notices of intent or final notices.

In contrast, Camden and Newham appear to have a policy of issuing no warning letters, but have issued 34 and 29 notices of intent, and 24 and 7 final notices, respectively.

FINES

The amount levied in fines across London since May 2015 is just £66,000.

WHAT ACTIONS HAVE LONDON COUNCILS TAKEN UNDER THE NEW RULES?



Data received from each borough:

Borough	Complaints	Visits	Warning letters and Notices of intent	Final notices	Total fines received (£)
Islington	152	22	15	8	£42,000
Newham	8	34	29	7	£11,000
Camden	125	28	34	24	£10,500
Kensington & Chelsea	18	5	7	2	£2,500
Westminster	76	?	9	7	
Barnet	17	?	8	2	
Hammersmith & Fulham	24	9	12	1	
Redbridge	47	29	5	1	
Croydon	47	0	278	0	
Hillingdon	14	11	13	0	
Haringey	51	0	11	0	
Southwark	71	4	9	0	
Barking and Dagenham	19	2	8	0	
Hounslow	13	13	6	0	
Lambeth	44	4	5	0	
Lewisham	49	3	4	0	
Bexley	N/A	0	3	0	
Hackney	16	6	3	0	
Havering	4	1	2	0	
Merton	6	1	1	0	
Greenwich	24	3	0	0	
Brent (shared with Harrow)	195	2	0	0	
Kingston (shared with Sutton)	32	0	0	0	
Sutton (shared with Kingston)	18	0	0	0	
Enfield	16	4	0	0	
Waltham Forest	16	12	0	0	
Richmond	7	0	0	0	
Ealing	6	13	0	0	
Wandsworth	1	1	0	0	
Tower Hamlets	235	237		0	
Bromley - did not respond					
Harrow - shared with Brent					
TOTAL ACROSS LONDON	1351	444	462	52	£66,000

* Initial warning letters and notices of intent combined total



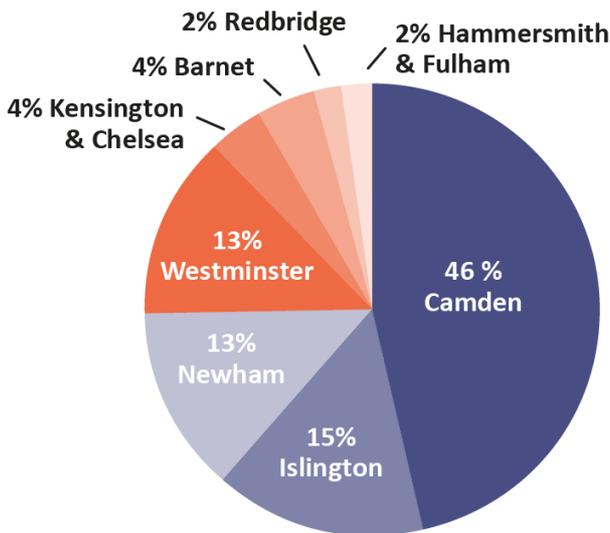
WORK BEING DONE IN THE MOST ACTIVE BOROUGH

Action against offending letting agents who do not respond to warning letters is concentrated in very few boroughs.

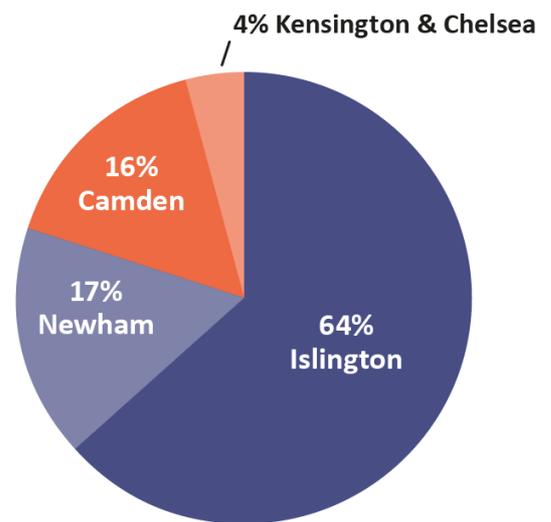
Only eight councils have so far issued any final notices and just four – Islington, Camden, Newham and Kensington and Chelsea – have issued any fines to letting agents.

Only £66,000 was received in fines across London and nearly two thirds of this (£42,000) was collected by one council: Islington.

WHICH COUNCILS ARE SENDING FINAL NOTICES?



WHICH COUNCILS ARE FINING BAD LETTING AGENTS?



RECOMMENDATIONS

FOR COUNCILS

The amount of activity from councils varies hugely across London and does not necessarily correspond with either those boroughs with the highest numbers of private renters or those with landlord licensing schemes.

The huge variation, along with the fact that councils are able to levy fines to cover the cost of enforcement work, suggests that the level of priority given to letting agent enforcement is a choice councils can make.

I therefore recommend that more councils put effort into this work, as it would help protect a large number of citizens from exploitation, and doesn't need to eat up resources.

FOR THE MAYOR

The Mayor should use his London-wide remit to help and encourage councils to carry out letting agent enforcement more consistently across London. Unlike rental properties, letting agents can move across borough boundaries and there is a strong case for the Mayor to help co-ordinate these actions.

He should also follow up on commitments he has made, in response to my recent questions, and find a way to include all letting agents who receive fines from councils in his planned database of rogue landlords.⁶

The Mayor should continue to work on his promised social lettings agency so that landlords and renters have better options.

“Setting up a London-wide not-for-profit lettings agency for good landlords, building on the work that councils have started, and ending rip-off fees for renters.”⁷

Sadiq Khan, Manifesto pledge 2016

Recent answers to Mayor's Questions have suggested that the Mayor may be considering giving up on this manifesto pledge if the Government's policy to ban letting fees to tenants goes ahead. However, there are still many reasons to provide a fair and ethical alternative letting agency for Londoners.⁸

FOR THE GOVERNMENT

I welcome the Government's announcement in the Autumn Statement in December 2016 of plans to follow Scotland and ban letting fees in England and Wales.

I hope ministers will consider this evidence from London, which shows enforcement against bad practice isn't currently working.

Banning letting fees to tenants would clearly go a long way to cut down on the exploitation of renters when they can least afford it, and the Government should bring in this measure as soon as possible.



WHAT DO YOU THINK?

I would like to hear more from Londoners about their experiences with letting agents, particularly with unexpected fees, and what kind of service they have found when lodging complaints with their council's trading standards officers.

Please get in touch with me if you have any comments or suggestions.

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

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