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Better Rented and Leasehold Sector Division
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25 May 2017
SB-0151

To the Housing Standards Team,

Response to Banning letting agent fees paid by tenants

I am writing in response to your consultation on banning letting agent fees paid by tenants.ⁱ

I am responding as London Assembly Member with a particular interest in housing and renting. I am a private renter myself and have rented in London for 20 years.

More and more people are finding themselves privately renting for the long term, not just as a temporary option while they are young. Families, couples and older people are an increasing proportion of the 2.3 million people privately renting in London today and many of them are very unhappy with their situation.

Last year, I conducted a survey of more than 1,500 private renters in London asking about the problems they have experienced. As part of this I asked them to rate the experience they had had with their most recent letting agent. Most reported an average or indifferent experience but significantly more reported a bad experience (30 per cent) than a good experience (21 per cent).ⁱⁱ

Common themes from written comments on letting agents were:

- Agents being hard to get hold of
- Poor information and unexpected costs
- Unreasonable pressure to sign up in haste

(See appendix A for detailed responses)

Many also told me shocking stories of large and unexpected fees being demanded when they were at their most vulnerable, in the middle of the process of securing a home. More than a third said they had been hit by unexpected fees from agents despite new rules on displaying letting fees (and membership of deposit and redress schemes) being introduced in May 2015.



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In my March 2017 report, *Letting them get away with it*, I reported on how well councils are able to monitor and enforce current rules on transparency for letting fees and found that most have been able to respond to only a small number of complaints received since the new rules had been introduced.

The results showed that less than one third of complaints made to local authorities in London have been acted upon. Despite 1,351 complaints made to councils about letting agents, only 444 visits were made by trading standards officers, just 462 warning letters were sent and only 52 final notices were issued. It is clear that the current regulation is not improving the situation for many renters.ⁱⁱⁱ

Overwhelmingly, Londoners have told me that they feel they are being treated unfairly by the current system of charging them letting agent fees when they move home.

Generation Rent has rightly stated:

“The solution is all fees need to be charged to the landlord alone. A landlord is more able to ‘shop around’ than a tenant and so has a more powerful position to avoid and force down uncompetitive charges. Even if the costs are returned to the tenant through higher rent the total amount paid would be reduced - and importantly spread over the length of the tenancy, which reduces the financial shocks of renting.”^{iv}

I believe that, rather than the current rules that only seek to enforce transparency, a simpler scheme where letting fees to renters are simply banned would do a great deal to reduce the burden on councils and help London’s tenants manage the cost of moving home.

I hope you will proceed with this change as soon as possible.

Yours faithfully,



Sian Berry
Green Party Member of the London Assembly



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References

i *Banning letting agent fees paid by tenants*. Department for Communities and Local Government, April 2017
<https://www.gov.uk/government/consultations/banning-letting-agent-fees-paid-by-tenants>

ii *Big Renters Survey report*. London Assembly Member Sian Berry Report, Oct 2016
https://www.london.gov.uk/sites/default/files/sian_berry_renter_survey_report_oct2016_final_1.pdf

iii *Letting them get away with it Report*. London Assembly Member Sian Berry, Mar 2017
https://www.london.gov.uk/sites/default/files/letting_them_get_away_with_it_sian_berry_am_mar2017.pdf

iv *Letting Fees: What We Know And Why They Need To Go*. Generation Rent, 2017
<http://lettingfees.co.uk/report/>

Appendix A

Some responses from the July 2016 *Big Renters Survey* online

“I went to view a nice property and paid an upfront 'holding' fee of £250. Days later we were told that this was now for a different property which, I discovered when viewing, didn't suit us at all. They continued to mess us around. After calling Citizens Advice and Shelter, we decided not to take the flat, losing the £250 deposit. The whole experience was horribly stressful, time-consuming and has made me seriously worried about moving again.”
SW9

“I have had to live with rodents, damp and mould, leaking, a bathroom that had fallen in, garden flooding, plaster coming off the walls and exposing the brick work, and serious structural issues, despite repeatedly requesting repairs. I have found that letting agents respond better to the threat of complaints than to a polite request to fix issues that are having adverse effects on my wellbeing, and you have to repeatedly contact them to encourage action.”
SW9

“Having to pay exorbitant 'finder's fees' every time you need to move. Waiting months for boiler repairs. Waiting months to get the deposit back when it is needed to pay a deposit on a new place. Having to go into debt to pay the cost of moving e.g. finder's fees, deposit, etc when I didn't want to move in the first place. The charges seem a bit parasitic; what do they actually do to justify the finder's fee and the admin costs? How much does a credit check actually cost? It seems to me that being a letting agent is just a licence to rip people off.”
SW17

“When we first came to London straight out of uni we were caught up in a scam by a letting agent who misrepresented the monthly rent on the flat until after we'd signed a pre-agreement, which guaranteed that the agent kept their 'fees' even though we then pulled out of the rental agreement. Criminals.”
Unknown



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