What is the new rule?

From 1st October 2014 letting and managing agents involved in residential property must be a member of a Government approved redress scheme or face a potential fine of up to £5,000. The purpose of these schemes is to deal with complaints made by tenants or landlords about the service they receive from their agents.

The three approved schemes are –

• The Property Ombudsman (www.tpos.co.uk)
• Ombudsman Services Property (www.ombudsman-services.org/property.html)
• Property Redress Scheme (www.theprs.co.uk)

A lettings agent or property manager who already belongs to The Property Ombudsman or Ombudsman Services Property scheme on a voluntary basis will automatically become a member of an approved scheme.

Who must register?

Subject to certain stated exclusions anyone who manages a property or engages in finding tenants for a property is affected by the new rule but only where they do so in the course of a business. The requirement will not apply to ‘informal’ arrangements where a person is helping out rather than being paid for a role which is their usual line of work. For example it will not apply where a landlord is acting for himself or where a group of tenants manage their block through a residents management company.

What can a redress scheme do? If a complaint is upheld there are a number of options:-

• Require an apology
• Issue a reprimand
• Order compensation
• Fine a member
• Expel a member

Who can complain to a scheme?

Tenants, including prospective tenants, and in some cases landlords, can complain. The schemes vary.

• The Property Ombudsman - landlords with a turnover of £3.4million can access the scheme.
• Ombudsman Services Property - only landlords who are consumers can complain. This means, in practice, that only smaller landlords will be able to make a complaint.
• The Property Redress Scheme - Details to be announced.

Further information

This information sheet is not intended to be a substitute for specific advice and is for general guidance only. It is based upon our understanding of the legal position as at October 2014 and may be affected by subsequent changes in the law.

For more information please contact Mark Steggles on 01892 701273, or email at: mark.steggles@ts-p.co.uk

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