Redress schemes for letting agents and property management

What is the rule?
Since 1st October 2014, letting or managing agents of residential property must be members of a Government approved redress scheme or face a potential fine of up to £5,000. The schemes aim 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 letting 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 resident’s 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?
It will depend on the scheme:

- The Property Ombudsman - all landlords, tenants, buyers and sellers can access the scheme.
- Ombudsman Services Property - only domestic consumers can complain. This could include buyers, sellers, landlords and tenants but only those acting for purposes which are outside a business, trade or profession. This means, in practice, that only smaller landlords will be able to make a complaint.
- The Property Redress Scheme - all landlords, tenants, buyers and sellers can access the scheme.

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 January 2016 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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