



Bristol

Media information

Wednesday 23 November 2016

BRISTOL CITIZENS ADVICE RESPONSE TO THE AUTUMN STATEMENT

In his Autumn Statement this afternoon, the Chancellor, Philip Hammond, has announced a ban on letting agency fees. The proposal is welcomed by Citizens Advice and our partner tenants rights groups.

Previous calls for such a ban were rejected by David Cameron's government due to the concern that it would leave tenants paying higher rents to account for the lost charges. Scotland, though, already has a ban on letting agency fees which has been in place since 2012, and those who supported it state that there has been no noticeable increase in rents. The ban prohibits charges for anything other than a refundable deposit and rent, with fees labelled illegal including service charges, non-refundable holding fees, tenancy renewal fees, assignation fees, and charges to add a new person to the lease.

A spokesman from Citizens Advice said clients often speak about the lack of consistency in and regulation of charges as a problem. Shelter says that agency fees can be as high as £500, while Citizens Advice have the figure at an average of £337, a figure which has risen over 5 years by 60%. Over the last few years, the combined impact of increasing agent fees and rents in the private rental market not only compromises affordability, but also potential access to available private sector housing. Fees appear to encourage churn of tenants rather than stable long term tenancies.

Citizens Advice says while landlords may shop around to avoid and force down uncompetitive charges, tenants realistically are not in such a dominant position. Even if administration charges are "shifted" back onto tenants through higher rent, the total amount paid is likely to be less, and importantly, spread over the length of the tenancy, which reduces the financial shocks of private renting.

Representatives of landlords and letting agencies are naturally denouncing the latest proposal, with Richard Lambert, Chief Executive of the National Landlords Association, delivering the same warning as Cameron: "Agents will have no other option than to shift the fees on to landlords. But adding to landlords' costs will only push more towards increasing rents".

Similarly, Richard Price, director of the UK Association of Letting Agents, said, "the unavoidable outcome will be an increase in the proportion of costs which will be met by landlords, which in turn will be passed on through higher rents."

Gillian Guy, Chief Executive of Citizens Advice, says that these charges pay for "what is often basic administration, such as checking references and running credit checks." A change in the law regarding these agency fees, she says, will "help the 4.8m households who now rent from a private landlord — 1.5m of whom are families with children."

****ENDS****

For more information contact Ann Vink on 0117 9462556 or email annv@bristolcab.org.uk

The Citizens Advice service comprises a network of local Citizens Advice, all of which are independent charities. Together we help people resolve their money, legal and other problems by providing information and advice and