

PERSONAL FINANCE

Fools' gold danger for a landlord in a hurry

By NEIL BROMAGE

THE booming property rental market can lead unwary 'amateur' landlords into a legal minefield.

A new report this week highlights problems over tenants' deposits and disputed damage.

The issue is of increasing concern because every month hundreds of new landlords are entering the rental market, attracted by the buy-to-let mortgages now available from big lenders.

Liz Phelps, author of the National Association of Citizens Advice Bureaux report, says that new landlords need to be realistic about the possible returns on their investments and the responsibilities involved.

'First-time or part-time landlords often fail to take account of things like normal wear and tear, expecting their property to be returned in precisely the same condition as when it was let,' she says.

As this can be up to two or three years after the first tenants moved in, it is an unrealistic expectation.

Phelps' report into the way tenants are treated by private sector landlords also tackles the issue of deposits and disputes over their return.

NACAB official Moira Haynes says:

Property

'This is a serious issue and the scale of it is likely to surprise people.'

The association says tenants who have had problems are often tempted to withhold their last month's rent to guard against a deposit being kept by a landlord.

This merely adds to the merry-go-round of problems between landlord and tenant.

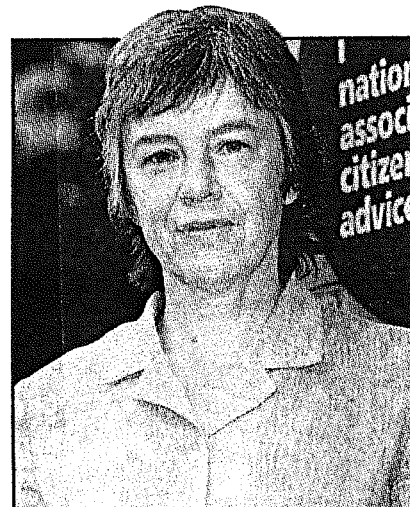
The previous government was looking at many of these problems and a consultation paper was due by the end of 1996.

It did not materialise, but the present government has agreed to continue the consultation since it accepts the growing importance of the private rental market.

One possible solution to smooth the path between private landlords and tenants would be the creation of a national rental deposit board.

These operate in many countries and one in Australia actually makes healthy annual profits and has cut the number of disputes.

If a similar scheme were set up in the UK, it could hold all rental deposits and arbitrate on disputes between landlords and tenants. At



Liz Phelps warns unrealistic landlords

present, landlords who employ members of the Association of Rental Lettings Agents to find tenants and manage properties can promise tenants that deposits are protected by a bonding scheme and a code of conduct.

Other landlords keep tenants' deposits in savings accounts, though there is no requirement for them to pass on interest when the money is returned.

Wendy Backhouse, chairwoman of

the Housing Law Practitioners' Association, says disputes over inventories now cause as many problems as deposits.

She says: 'A full and itemised inventory is important and it is worth noting and, if necessary, photographing any damage at the outset.'

'Both parties should keep copies of this information when the agreement is signed.'

If problems do arise between landlord and tenant, taking the shine off any buy-to-let mortgage, they can be time-consuming and expensive to resolve.

Many tenants, unhappy over the non-return of deposits, for example, turn to the small claims court. But even if they win, they can face problems enforcing judgment.

On the other hand, landlords taking legal action often have problems tracking down former tenants to claim money owed.

Backhouse says many people who consider court action do not realise that local council housing officers can help, even in the private sector.

Their powers are wide and include possible prosecution in the magistrates' courts as well as advice on civil remedies.

■ *The Association of Residential Lettings Agents has produced a starter's guide to buy-to-let investments. Call 01923 896555.*