

Why use an ARLA licensed lettings agency?

The press is often filled with stories of rogue letting agents. So as a landlord, how do you avoid these unscrupulous individuals and find a reputable lettings agency in Greater Manchester who will work with honesty and integrity? The easy answer is that you use an ARLA member.

What is ARLA?

The Association of Residential Letting Agents, commonly known as ARLA, is a professional membership and regulatory body for letting agents and letting agencies in the UK. Since 1981, ARLA has actively promoted the highest standards across every aspect of residential lettings and management in the Private Rented Sector. ARLA's role is to make sure consumers receive a professional and transparent service from its licensed agents.

ARLA membership: For individuals not agencies

Membership of ARLA is open to individual letting agents, not agencies. Letting agents are not regulated in the UK and anyone can let a home on your behalf. Therefore, we feel strongly that landlords and tenants should only use lettings agents who have voluntarily become members of ARLA to ensure properties are let and rented legally and safely.

To become an ARLA member an individual must:

- Be working within the residential lettings industry
- Be acting as an agent on behalf of a third party
- Hold a qualification which is specific to the industry and accepted by ARLA.

Harvey Scott's lettings team members are all ARLA qualified or currently studying for their technical exams. For a company partner, director or staff member the required qualification is the NFoPP Level 3 Technical Award in Residential Letting and Property Management. This means ARLA members and therefore the Harvey Scott team have taken time to study and pass exams to prove their understanding of the industry.

What ARLA membership means for landlords

The ARLA membership criteria mean that member agents are professionals. All ARLA members will understand and keep up to date with the latest lettings legislation. They also voluntarily follow a Code of Practice and Rules of Conduct that have been set out by ARLA. An agent can be fined or even expelled for not following the code. ARLA's disciplinary body ranges from warnings to penalties of up to £5000. In addition, should you ever be unhappy and wish to complain, ARLA members can refer you to an independent third party.

Licensed ARLA agencies

As soon as a Lettings Agency has a Principal, Partner or Director in place who is a current ARLA member, the company automatically becomes a Licensed ARLA agency. This offers a further number of benefits to landlords.

ARLA licensed agencies will:

- Have client money protection schemes in place to protect all tenant and landlord funds
- Have an annual independent audit
- Have professional indemnity insurance in place
- Sign up to an independent redress scheme
- Abide to a strict code of practice.

Most ARLA agencies have one member of their office team who is ARLA qualified. At Harvey Scott, we go one step further. We expect every senior member of our lettings team to qualify and we encourage and support all staff at any level of the business who would like to study and sit their professional exams.

What professional bodies are Harvey Scott members of?

We are licenced members of the Association of Residential Letting Agents (ARLA) and the National Association of Estate Agents (NAEA). On top of these we are members of The Property Ombudsman (TPO) and the Tenancy Deposit Scheme (TDS).

Do you get many problems?

Very few major ones and we pride ourselves on this, attributing our success to careful selection of tenants and enormous attention to detail. Minor problems such as standards of housekeeping or garden maintenance which do not measure up to landlord's expectations, can nearly always be resolved by us, and provided all parties are reasonable. Issues such as late payment of rent are dealt with quickly and efficiently.

What if the tenant falls behind with the rent?

Rents are paid by standing order on the first of each month (we allow a tolerance of 5 working days), but problems can arise. Sometimes these are due to a change in the tenants' financial circumstances, carelessness, forgetfulness or a mistake by the bank or building society. Where we are acting on a Full Management/Rent Collection basis we have a very strict arrears process which is monitored on a daily basis (working days). We would immediately inform our landlords if we feel that there is a serious problem and we take every possible step to obtain the rent as soon as possible. Usually we are successful and can pay the landlord, albeit belatedly that same month. On very rare occasions, where rent arrears are accruing, it may be necessary for the landlord to instruct their solicitor (or we can do this on his behalf) to take the appropriate legal action. We also offer landlords a rent guarantee scheme (the cost being 3.5% plus VAT of the monthly rent). This policy is taken out at the beginning of the tenancy, and covers for any loss of rent and up to £50,000.00 worth of legal fees. Unlike so many policies out there, ours does not have an excess and will pay you on time every month until the tenant has caught up with the rental payments or they have been evicted. For more information on this please contact a member of staff.

What if the tenant does not leave at the end of the tenancy?

By careful interviewing, selection and monitoring of tenants we can keep this potential hazard to an absolute minimum. However, in the unlikely event of a problem and when Harvey Scott has done everything possible to resolve the situation but without success, then the landlord must pursue the matter through the due process of law. This will involve instructing a solicitor who will instigate the necessary court action to obtain possession. Under the full management service Harvey Scott will serve the relevant section notice for possession (section 8 or 21). You should be aware that once the notices have expired the court process to obtain vacant possession can take several months and although the landlord may be awarded costs and rent arrears through the courts, there will be legal expenses and court fees applicable.

How do you set the rent?

We visit the property and by comparison with others in the area and via our industry only software we can advise a realistic rental amount. This is a matter of experience and we must take into account the standard of presentation. A clean and attractively decorated property will be more in demand and therefore command a higher rent.

How quickly can a tenant be found?

On average, assuming that the property is in good order and that a realistic rent is being asked, a suitable tenant should be found within two to three weeks. However most good tenants will have a lead time of two to three weeks ahead of them to prepare for a move. In any event, a period of seven to ten days is required for references, credit checks, interviews, inventories and documentation to be prepared once a prospective tenant is found. We are more than happy to carry out multiple viewings on all our properties as we know from a lot of experience that the most important point in finding a tenant is to make sure it's the right one, not just the first through the door.

What type of tenant can I expect?

This depends very much on the type of property and the limitations imposed by you, the landlord. Typically, a well maintained, semi-detached, three or four bedroom property in great condition could possibly attract an

executive or similar with a family. Smaller properties, 2 bedrooms or less may attract single people or couples with a young family. In all cases, we consider that the quality and reliability of the prospective tenant is of key importance.

How long should I let the property for?

This will depend on your circumstances. However, as a guide, if you were intending to let for a period of two years, we would seek to place a tenant in the property for the full period. We would, in most situations, recommend that as far as the tenancy agreement is concerned, an Assured Shorthold Tenancy be created for a period of six or twelve months initially, to ensure that the selected tenant is suitable in all respects for the full period. If desirable, an appropriate renewal for either another six or twelve months, or for the remainder of the period could then be arranged. This process allows maximum control to be retained and provides the flexibility to review rental charges, if needed.

Should the property be furnished or unfurnished?

Generally; tenants are more likely to prefer an unfurnished property so that they can bring in their own furniture. The minimum requirement is carpets, curtains, cooker and a fridge. However, if you wish to leave a few items in the property, these can be detailed as part of the Inventory and Schedule of Condition. Appliances left, such as washing machines and dishwashers, make little difference to the rent and are indeed an extra maintenance liability for the landlord, however, it will always aid as a good selling point to any potential tenant if these items were installed. We recommend you should not leave personal items such as crockery, cookware and ornaments.

What sort of fixtures and fittings are required?

All tenants have different requirements which are best negotiated at the time but, as a general rule of thumb, presenting a house with fittings such as mirrors over basins, toilet roll holders, towel rails and medicine cabinets will always be well received. This is particularly relevant for brand new houses where the builder is unlikely to have supplied such items. More importantly, it discourages tenants from buying and fitting their own fittings, removing them at the end of the tenancy and possibly leaving, at best, filled/touched up holes in the plasterwork.

Can the landlord or tenant give Notice during the tenancy?

Not during the fixed term on an Assured Shorthold Tenancy Agreement. After the fixed term, the tenancy can roll on, on a statutory periodic, i.e. monthly basis and the tenant may give one month's notice and the landlord two months. In most cases we would advise the landlord at the end of a fixed term agreement (at renewal stage) to always enter into a new fixed term instead of letting the tenancy roll on periodically.

Do you take a deposit from the tenant?

Yes, always. This is usually equivalent to one month's rent plus £100 and is held by us as stakeholders in our ring fenced, insured and regulated client account. If requested, we can ask for a larger deposit from a tenant but we find that this makes it more difficult to let the property and creates a void. Please note we are unable to hold the deposits for our let only and rent collection landlords. All deposits should be protected in a government approved deposit scheme.

What happens to the deposit?

Since April 2007, all deposits (for rent up to £100,000.00 per annum) taken by landlords and agents for assured shorthold tenancies in England and Wales have to be protected by an authorised tenancy deposit scheme. Harvey Scott has joined the Tenancy Deposit Scheme for Regulated Agents (TDSRA) managed by TDS. To be in this scheme the member has to be part of (to name three) RICS, NAEA, & ARLA. As mentioned on page two of this booklet, Harvey Scott are licenced members of the NAEA and ARLA we are able to hold onto the deposits in our client accounts (audited annually by chartered accountants). This gives us/you greater flexibility to negotiate with the tenant at the end of each tenancy if a dispute arises. If you or the agent are not regulated then you/the agent are unable to hold the actual tenants deposit funds and they must be transferred to one of the recognised schemes. As mentioned above we do not hold deposits for our let only and rent collection landlords but we will gather the deposit on your behalf and transfer the funds into your account shortly after your tenant's move in.

What happens if the tenant has caused damage to the house or contents?

When you employ Harvey Scott on a fully managed basis, at the end of the tenancy we will carry out an in-depth check-out inspection, which will include taking numerous photos a detailed schedule of condition which will be compared to the in-going inventory. If there are any discrepancies our experienced Property Managers will enter into negotiations on your behalf for any deductions that have to be made. Tenants must leave the property as clean and tidy as when they moved in and be prepared to pay for any damage or breakages that have occurred. Landlords should also realise that however good and careful a tenant might be, some deterioration in decoration and general condition is inevitable over a period of time and this would constitute fair wear and tear, which must be taken into account. Where possible, after consultation with the landlord, we make the appropriate deduction from the deposit, returning the balance to the tenant within a statutory time period. It is worth mentioning that the cleaner and more attractively presented a landlord initially leaves a property, the easier it is for us to ensure it is returned in the same state at the end of each tenancy.

I have a sizeable garden, should I employ a gardener?

Gardens can cause problems as many tenants are disinterested in gardening, particularly when it is not their own. The standard agreement makes the tenant liable for keeping the garden neat and free from weeds. However, if the garden is large or at all 'complicated' or has hedges and shrubs which require careful pruning, we recommend that gardening help is provided on a regular basis. We can as Managing Agents, arrange to pay the gardener on your behalf and would hope that the rent set would help to cover this expense.

I am thinking of buying a property to rent out. What costs can I reclaim in relation to taxable income?

The law is always changing when it comes to tax deductible items when renting out a residential property, it is always best to check with your accountant for the most up to date tax efficient route. Various items of expenditure can be reclaimed which include our fees for managing your property, "essential repairs" for example replacing a rotten wooden window which is beyond repair. Improvements to your property are non-deductible for example replacing perfectly fine double glazed wooden windows for double glazed UPVC windows.

What happens if a repair to property or equipment is required during the tenancy?

We make it clear to tenants that they should contact us using our bespoke on-line reporting software or put a request for works in writing for those without use of a computer/smart phone etc. Having investigated the circumstances, we call out the appropriate company, either one nominated by you or one of our trusted contractors. The contractor will then submit their invoice to us and we settle it directly out of your rental income, which will be shown on your monthly rental statement. In the case of a night time or Sunday emergency, when we are unavailable, the tenant must take appropriate action by contacting a reputable contractor and settling the bill directly. If we feel the repair could have waiting until the next working day and the fault isn't down to the Landlord the tenant will be responsible for the full invoice and the extra charge for the out of hours call out incurred if the repair is down to the landlord. For example if the tenant calls a plumber out for a dripping tap this would be deemed to be a non-emergency and the tenant would pay for the uplift in the contractors invoice for the out of hours call out.

Can I stipulate - no pets, no children, no DSS etc?

Yes, of course, but bear in mind that this may restrict the market and make letting more difficult. If you were to accept pets then we would always ask for a bigger deposit and require a pet disclaimer to be signed before the move-in commences.

How do you check the suitability of prospective tenants?

Each prospective tenant is asked to provide photo proof of identity, proof of residency at their current address, bank statements, references from their employer and current letting agent or landlord (if applicable). Additionally, we carry out further checks through a reputable credit referencing agency. In some cases prospective tenants may be asked to provide a guarantor. Every tenant is interviewed and their general suitability assessed by us. You may

meet the prospective tenant should you wish, however, regardless of whether you do so or not, you always retain the right to reject an applicant at your discretion.

How and when do I receive rent?

Tenants pay a month's rent or apportioned amount (depending on the day they move-in) in advance at the start of the tenancy and thereafter rent on the 1st of each month. Where we are employed on a Full Management basis, credits are sent out by BACS to your nominated bank or building society account on or around the 21st of each month (please allow three/four working days for payments to show in your account). You are sent a full and detailed statement clearly showing all deductions from rents received. All our client accounts are audited on an annual basis by a Chartered Accountant to comply with the NAEA & ARLA regulations.

How are rent accounts dealt with?

Rents quoted normally exclude all outgoings (utility accounts, etc), except where the building is part of a development sharing communal facilities and a service charge and ground rent may be payable. In such cases the landlord would remain liable for such payments.

Do you ask me before authorising repairs, etc?

This really depends on how involved you would like to be, on a fully managed basis we will sit down with you and work out a bespoke procedure for many aspects of the management including repairs. The majority of our landlords tend to leave everything in our hands and authorise a spending limit (before contact) of up to £200 for a UK landlord and £250 if you are based overseas. Our landlords have confidence in our judgement and our aim is to minimise landlords' expenses, whilst maintaining the property to a reasonable standard. All contractors used by us are selected specifically because of a) standard of workmanship, b) competitive charging, and c) reliability.

How often do you visit the property?

Where we are on a Full Management basis, our first visit is made during the first month of the tenant moving in and thereafter, every five months. If there are any problems, or we suspect that a tenant is not looking after the property as they should, we would visit the property on a frequent basis thereafter to monitor the situation and recommend appropriate action (if applicable)

What is the policy on picture hooks?

Our usual recommendation is for landlords to permit tenants to put up a reasonable number of proprietary picture hooks (either the brass or white plastic variety) but obviously not any old nail from the garden shed and most certainly not blue-tac or cellotape. Exercising some flexibility in allowing the tenants to put up pictures will help to encourage them to feel at home, hopefully on a long term basis.

Do I need to have any certificates for my gas boiler?

Yes, a landlord's gas safety certificate (GSC) is required for all gas appliances in the property. This needs to be renewed every year by a qualified Gas Safe registered tradesman.

What happens about our utility bills (electricity, gas and water)?

Where we are employed on a Fully Managed basis, we will inform the relevant companies in writing when a tenant moves in and out including meter readings. Landlords are responsible for all utilities when the property is not subject to a Tenancy Agreement (void period). If instructed, we are more than happy to settle these invoices from your rental account.

Regular payments of outgoings - how should these be paid?

Council Tax is levied on the property and once a tenant has taken up residence, it becomes their responsibility to pay the local Council. Councils have differing policies when it comes to charges on empty properties. Stockport council for example will discount the full bill by 25% for furnished properties and a 100% discount will apply for the first two months for unfurnished properties. Mortgage payments, if any, should continue to be paid throughout.

We will deal with maintenance charges as they arise if we are still instructed to let out your property. Water rates and sewerage charges can be paid by either the landlord or the tenant (but normally the latter). This is a further consideration when assessing the likely rental income. The responsibility to purchase a television licence lies with the tenant.

Do I need an inventory if the house is part or unfurnished?

A properly constructed Inventory/Schedule of Condition details the fixtures and fittings and describes the condition of the property in great detail. The inventory is an essential document that provides a written benchmark at the start of each tenancy. It should be amended, updated and recreated before the beginning of each new tenancy. With the introduction of the Tenancy Deposit Protection legislation in April 2007 it is more important than ever that a detailed inventory is drawn up at the start of each tenancy and a check out report at the end of each tenancy to assist with the resolution of deposit disputes. Where we are employed on a fully managed basis the cost of compiling the inventory is included in the initial set up fee.

What happens to my mail during the tenancy?

We strongly advise that the Royal Mail re-direction of post is arranged by you before you leave, as neither Harvey Scott, nor the tenant can be held responsible for your mail once a tenancy commences. Any post that is delivered to our offices by the tenant will be redirected/forwarded by us for a fee (detailed in the agency agreement).

Combination central heating/hot water boilers

Where a gas or oil combination boiler is fitted providing hot water on demand, landlords should be aware that there is no hot water tank with an immersion heater upon which tenants can rely for hot water in the event of a breakdown.

Landlords have a legal obligation to fix any issues in a property within a reasonable time scale. In the event of lack of hot water it makes normal living very difficult unless there is an electric shower to compliment the heating system (for combination boilers). In this situation it is very important that the central heating engineer attends immediately and repairs the system in order to avoid claims for rent refunds etc. If you have your own nominated engineer but he cannot respond the same/next day, then we would normally book one of our recommended engineers to cover the situation if deemed an emergency.

Landlords should also be aware that combination boilers run on a pressurised system. Gradually the pressure will drop due to water evaporation and/or escape of air from the system and will need re-pressurising from the cold water main filling loop. This is not something which a tenant or agent can be expected to do as it should be done by a qualified heating engineer or competent plumber. The heating system will cut out if the pressure drops too low and equally, over pressurising it will cause damage. Tenants are instructed to contact the office if the pressure gauge drops below a certain level and landlords should be aware of the additional maintenance requirements of a pressurised system.

What protection is given by the Housing Act 1988?

The majority of residential lettings by private landlords are "Assured Shorthold Tenancies" (AST's) introduced under the Housing Act 1988 (revised 1996). This legislation provides stronger rights for the landlord to let a property without the fear of not being able to gain possession of the property when required. To achieve this, certain conditions must be met and the tenancy set up correctly by the agent.

Do I need to have any certificates for my electrics?

There is no statutory requirement to have annual safety checks on electrical equipment as there is with gas, but it is advisable and deemed as best practice for landlords to have periodic checks done by a qualified-electrician.

As a landlord you must ensure that the electrical system and all appliances supplied are safe; failure to comply with the Electrical Equipment (Safety) Regulations 1994 and The Consumer Protection Act 1987 is a criminal offence. We strongly recommend that an initial inspection report is carried out by a qualified electrician and then every five years. This will highlight any areas of concern and make recommendations for any work that needs to be carried out.

Do we need to fit smoke and carbon monoxide detectors in the property?

On the 1st of October 2015 the government passed a law that all properties should have at least one smoke alarm on each storey of a rental property that is used as living accommodation. These alarms may be battery powered or better still hardwired (which is law in Scotland and may be updated in England in the not to distant future).

Install a carbon monoxide detector in any room that contains a solid fuel appliance which includes coal or wood burning fires and wood burning stoves. For information wood burning stoves installed since 2011 must already have a carbon monoxide detector and a certificate proving they have been safely installed. The certificate must be kept as it will be required upon sale of the property.

Currently gas appliances are not covered by the above regulations but we strongly advise that carbon monoxide detectors are installed in properties powered by gas appliances or oil fired appliances. We anticipate the gas safe regulations may be amended at some stage to require this in the future.

All detectors should be tested on the day of move-in to ensure the alarms are in working order.

Is there anything we must do if we want to leave furniture?

Yes, all furniture must comply with the Furniture and Furnishings Safety Regulations 1993. Landlords are liable for ensuring that all furniture and furnishing in a rented property complies with these safety standards. Furniture bought after 1990 should have a safety label attached. Any furniture that does not have this label, including that bought after 1990 (if it has been cut out), must NOT be left in the property. Failure to do this may result in a fine, or imprisonment, or both.

Do I need to give you any identification?

Yes, we require identification in the form of a government issued photo ID and proof of current address to comply with Money Laundering Regulations.

Should I advise my insurance company?

Building cover must be maintained and payment of premiums continued. Your insurance company must be advised that you are intending to let the property. Your insurance company should also be told that we are the managing agents (if instructed on this basis). The tenant is responsible for insuring their own belongings. It is important that the landlord informs us of any specific conditions his insurer may impose and of which the tenant should be aware, i.e. maximum period during which the property may be unoccupied, yet still covered by insurance. It is also advisable to check for damage, caused by burst pipes both when the property is tenanted and empty.

Who deals with insurance claims?

We can handle simple claims on the instruction of the landlord as part of the full management service. If however we are involved in a substantial amount of work obtaining estimates, supervising repair work, etc, then we will make a separate charge to you based on time spent (please see your Harvey Scott agency agreement). We do ask that you advise your insurance company that in the event of any claim we will be acting on your behalf.

Can I cover these possible expenses by insurance?

Yes, you should discuss this with your existing insurance company or ourselves. We can arrange cover for clients through Let Insurance Services, a specialist provider of landlords insurance. For further information regarding each of these policies, please obtain the relevant Let Insurance Services leaflet from us.

Can you arrange buildings and contents insurance on our behalf?

Yes we can. We have managed to negotiate extremely competitive rates for both Landlord building and contents insurance on behalf of our Landlords. Please speak to a member of our lettings team to take advantage of our preferential rate.

Does Harvey Scott create the Tenancy Agreement on my behalf?

Yes, we are competent and experienced in this and in all residential cases we draw up the legal agreement for you. The Assured Shorthold Tenancy is the most widely used form of tenancy and subject to the serving of the appropriate documents and notices, gives the landlord a mandatory right to repossession at the end of the agreed term, offering flexibility to both landlord and tenant.

Should I inform my bank/building society of my intention to let?

Yes, if your property is subject to a mortgage, you must advise the lender of your intention to let it. We strongly advise that you contact your mortgage company immediately to obtain their permission in principle rather than applying for this once a tenant is found. It is imperative that consent is obtained to prevent your mortgage arrangements being in jeopardy. It could take up to six weeks to obtain written permission. Most Mortgage companies now insist that landlords deal with a regulated agent, you can rest assured that we are part of the NAEA, ARLA and TDS. Flat owners should also check the lease to ensure that the flat can be rented out. This also relates to those with management companies.

I am going abroad and will be non-resident for tax purposes. Can you advise me?

Yes, we can provide you with a leaflet explaining what you should do. You will need to complete the Inland Revenue's NRL1 Form for us to obtain approval to pay rent gross, i.e. with no tax deducted: this is a straightforward process. If the property is jointly owned, or any monies are paid into a joint account, each party will need to be registered.

Do I need a Legionella Risk Assessment carried out?

If you are someone in control of premises, including landlords you must understand the health risks associated with legionella and need to take the right precautions to reduce the risk of exposure to legionella. Therefore a risk assessment is required every two years to comply with the Health and Safety Executive (HSE) guidelines. This can be carried out by a competent person and a risk assessment must be produced before a tenant moves into the property.