THE LETTINGS HUB
the home for lettings

Infosheet | Ban on Rent in Advance



The intention to ban upfront rental payments was added to the Bill shortly before the end of its time in the House of Commons, with the aim of stopping what government believes were exploitative practices by landlords over concerns that poor and vulnerable tenants were being excluded from the private rental sector due to the requirement for large sums of upfront rent at the outset of a tenancy. However, there has always been strong opposition to this view.

In the Lords, Lord Jamieson of Maulden (Conservative) said:

> *Unfortunately, the Government's proposals, in their current form, appear to pay little more than lip service to fairness. In practice, they fail to provide meaningful protection to those most at risk of exclusion from the rental market.*
>
> **Lord Jamieson**



Nathan Emerson, CEO of Propertymark, said:

> *Payment of multiple months of rent upfront can be a legitimate option for low-income tenants, including those claiming benefits. This includes people who are being helped by Local Authority schemes which incentivise landlords to make properties available to homeless people or those at risk of homelessness.*
>
> *Other groups that will be negatively impacted by the Clauses include those on variable incomes and the self-employed. These groups can face challenges when trying to pass referencing and affordability checks. An inevitable consequence of the Clauses, if implemented, will be a heightening of the barrier facing those least likely to be able prove their ability to sustain a tenancy.*



Nathan Emerson

| Chief Executive Officer | Propertymark

propertymark

KEY AMENDMENTS

Amendment 44 sought to allow tenants to pay up to six months' rent in advance, provided this was mutually agreed between landlord and tenant, and the tenancy started before the enactment of the Bill.

Amendment 108 would allow a person to mutually agree a tenancy with a landlord which allows them to pay up to six months of rent in advance.

WHAT DOES THE DATA SHOW?

The Lettings Hub shared data that demonstrates that rent in advance payments were not being used by exploitative landlords.

Our analysis showed that just 7% of tenancies begin with an upfront rental payment, with 15% of those tenants paying over £5,000 per month and 6% paying £1,000 or less. Now, having completed further review of 30,000 tenants who paid rent in advance over the past three years, the data reveals that:

28%

of tenants paying rent in advance are students, with 72% moving from within the UK and 28% moving from overseas.

8%

of tenants paying in advance had a UK-based guarantor.



25%

are full-time employed tenants, with 83% moving within the UK and 17% from overseas.

13%

are self-employed, and 14% are unemployed.

The highest volume of tenants paying rent in advance are relocating to London, followed by Manchester.

This data reinforced that rent in advance is not widespread, but it serves as a crucial tool for a minority of tenants to access the private rental sector. It also confirms that the percentage of tenants paying rent upfront is a trend that has remained stable over the past three years.

BOX From THE LETTINGS HUB

WORKABLE SOLUTIONS FOR TENANTS

The Lettings Hub have launched Professional Guarantor – which is an optional product for tenants who don't have a suitable UK-based guarantor (and where the landlord or letting agent will no longer be able to ask them to pay rent in advance to secure a tenancy).

Professional Guarantor allow tenants to pay a fee to a third-party company, which then acts as their guarantor. It removes the emotional pressure of asking a loved one to take on personal liability whilst providing landlords and agents an extra layer of security, backed by an organisation with verified means.

PROFESSIONAL GUARANTOR



WHO ARE TENANTS WHO PAY RENT IN ADVANCE? HERE ARE SOME OF THEIR STORIES:

Student BJJ paid less than £5k rent in advance to secure his student accommodation, because his potential guarantor did not want to take on the responsibility.

Tenants moving into shared accommodation can struggle to find willing guarantors due to the extended liabilities they may have to other tenant sharers in the property.





NM and her partner who are in their early 20s had recently returned from travels and decided to settle down together. As they were looking for work, they had no income - so they paid the rent in advance from their savings.

Now they have a home, they also both have jobs.

Entrepreneur NP is in her late 20s and decided to move into her own apartment.

However, as she only had one tax return that did not show sufficient earnings, she was unable to prove her income, so a family member provided help so she could pay her rent in advance.



BOX

YOUR COMPLETE TENANCY MANAGEMENT PLATFORM



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At The Lettings Hub, we're always here to support you through the ever-changing lettings landscape. With the Renters' Rights Bill introducing new regulations, staying updated is crucial. That's why we offer a variety of resources to help you navigate these changes smoothly. From webinars and blogs to tailored guides, our platform is packed with expert insights.

Be sure to follow us on LinkedIn and bookmark our Renters' Rights Hub for the latest updates, tips, and advice.

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