

## **Tenancy Deposit Policy**

### **Statement of Intent**

- 1 The Housing Act 2004 provides new legislation governing the way tenancy deposits are administered. The legislation came into affect on 6<sup>th</sup> April 2007 and applies to all new assured shorthold tenancy agreements (AST's) where a deposit is taken.
- 2 Deposits taken before this date remain unaffected unless a new fixed term tenancy is entered into which varies the terms of the original agreement. Signpost Housing Association are not exempt from this legislation as registered social landlords and need to be compliant.
3. We will maintain procedures that will meet legislative requirements.
4. We will ensure that where letting agents are used, they will have appropriate measures in place to meet legislative requirements.

### **Scope and Aims**

5. This policy defines the way that SHA will manage Tenancy Deposits.

### **How the aims will be met**

6. All new tenancy agreements entered into will:
  - 6.1 Ensure that SHA are compliant with the legislation.
  - 6.2 Ensure good practice in deposit handling, so that when a tenant pays a deposit and is entitled to get it back, they can be assured that this will happen.
  - 6.3 Assist with the resolution of disputes by detailing our alternative dispute resolution (ADR) service.
7. The tenancy agreement and supporting documentation are also intended to demonstrate from the outset, a clear agreement on the condition of the property.

## **The Regulations in Practice**

8. There are two types of scheme that constitute an authorised scheme under The Housing Act 2004. They are:
  - 8.1 A custodial scheme – deposits are held and administered by a third party.
  - 8.2 An insurance based scheme – deposits are retained by the landlord who pays a premium to an insurer, who backs the scheme and insures against non-compliance with the scheme.
9. The Government have awarded contracts to three companies to operate these schemes. One is a custodial scheme; the other two are insurance-based schemes. Both offer the same level of protection to the tenant.
10. SHA are using the custodial scheme, which provides the required level of protection at no cost.

## **The Implications for non-compliance**

11. The regulations are designed to be self-policing. The penalties for non-compliance are severe, if a Landlord collects a deposit after the 6 April 2007 and fails to:
  - 11.1 Be a member of an authorised scheme.
  - 11.2 Comply with the rules of the authorised scheme.
  - 11.3 Does not provide the tenant with the required information within the necessary timescale.
12. The Tenant has the right to apply to the court to require the landlord to comply with the legislation. The court has the power to order the landlord to pay up to three times the value of the deposit to the tenant, as well as other sanctions.
13. Failure to comply with the regulations will also mean that the landlord will be unable to regain possession of a property under section 21(1) (b) or (4) (a) of the Housing Act 1988, at the end of a fixed term tenancy without grounds.

## **Right of Appeal**

14. Appeals and Complaints will be dealt with in accordance with the Associations Customer Feedback Policy, and the Alternative Dispute Resolution (ADR) Service.

## **Monitoring and Review**

15. Regular reporting of progress and updates will be made to the Boards of SHA & SHL in accordance with Housing Corporation monitoring requirements.
16. This policy will be reviewed at least every three years.