



**Little London Estates**  
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## **Guidance Notes for Tenants – (v12)**

**This document contains important information relating to renting a property through Little London Estates, including full notification of any default or other charges that you may incur as a result of renting a property through us. This is a Terms & Conditions of Business Agreement between you and Little London Residential Ltd. Please take the time to read it, prior to completing an Application for Tenancy.**

**This document is relevant to Assured Shorthold Tenancies only. It is not relevant to any applicant seeking a Company Tenancy. If you are seeking a Company Tenancy, please contact one of our staff before proceeding any further.**

### **Before applying for the property**

Please note that applications will not be accepted from potential tenants who have not physically viewed the property. You must be sure that you have considered all aspects of the property, particularly what fixtures and fittings are/are not included in the tenancy. Any discussions or correspondence with ourselves or the owner are expressly deemed to be subject to application, satisfactory references and contract.

### **Tenancy application form**

When you have chosen the property you wish to rent, we will ask you to formally apply for the tenancy by completing a Tenancy Application Form. This form will provide us with the details that we need to submit to our clients for consideration. The information you provide will be used to assess your application, and will form the basis of the referencing procedure carried out by our nominated Referencing Agents. The information will also be used to set up the terms of your Tenancy Agreement.

### **Securing your chosen property, and arranging references**

Acceptance of any proposal from you to rent a property will be subject to contract and satisfactory references. You should note that in many cases the property will remain on the market whilst references are obtained and reviewed by the Landlord, and until such time as the tenancy agreements have been signed and executed. It is therefore in your interests to ensure that any referee's (such as your current or previous landlord, or your employer) respond quickly to the requests of our referencing agents.

In the event that the Landlord requires you to pay a Holding Deposit, which will be equal to one week's rent, once this has been received, the property will be removed from the market for an agreed time, whilst referencing and pre-tenancy paperwork is finalised. Any holding deposit will be administered in line with the terms of a Holding Deposit Agreement that will need to be signed by you and the Landlord.

Once we receive back the results of the referencing checks and searches, we will report them back to the Landlord and request their authorisation to draw-up draft Tenancy Agreements. Whilst we await a final decision on your tenancy, we will discuss with you a provisional date and time you would like to move in to the property.

Should the Landlord instruct us to proceed with drawing-up the Tenancy Agreements, the arrangements continue still to be subject to contract until those tenancy agreements have been signed and executed. When the tenancy agreements have been signed and executed, the property will be withdrawn from further marketing.

### **Immigration Act 2014 and Anti-Money Laundering Regulations**

It is a legal requirement that we seek verification of your identity and your right to rent a property in England. We will need to meet with you in our office to complete this task, and we will need you to bring original personal documents (such as passport, driving licence, bank statements etc). We may also carry out electronic verification of your ID through Credit Reference Agencies, who will place a search footprint on your electronic credit file. This process may mean that your personal details are accessed by third parties for the specific purpose of anti-money laundering, credit assessment, identity verification, debt collection, asset reunification, tracing and fraud prevention.

By law, this process must be completed **no more than 30 days** before the start of your tenancy, and it must have been completed **before** you sign your tenancy agreements. Therefore, if your intended tenancy start date is more than 30 days ahead, we strongly recommend that you book an appointment to visit our office to complete this procedure at the earliest possible opportunity, when there are no more than 30 days to go. The sooner this is completed, the sooner we can issue tenancy agreements for signature, and thereafter the sooner the property can be properly secured for you and withdrawn from the market. **It is your responsibility to book this appointment for the earliest possible date. Failure to complete this process in good time may result in your proposed tenancy not going ahead.**

## Tenant Fees Act 2019

The Tenant Fees Act 2019 states that Landlords and their Agents may not charge tenants any fees in relation to the granting or setting up of a tenancy. There are provisions within that Act for certain default and other fees that can be reasonably charged. A list of those fees follows.

All fees shown are including VAT at 20% unless stated otherwise.

### Default Fees

- Late payment of rent – Any payment of rent which has been outstanding for 14 days or more will attract a default fee of interest on the outstanding amount. The interest will be calculated at 3% above the Bank of England base rate for each day that the payment has been outstanding.
- Lost keys or security devices which provide access to the housing – If you lose any key or security device which provides access to the property, you will be charged for the replacement of the key or device. In this situation, you will be provided with evidence of the cost incurred by your Landlord for the key or device.

### Fees relating to changes to the tenancy, when those changes are requested by the tenant

- Change of tenant on a shared tenancy – If you have a joint tenancy, and one (but not all) of the sharers wishes to vacate and be replaced by another party, a fee of £50.00 is payable to cover the time spent and costs incurred by us in agreeing the arrangements with your Landlord, preparing the paperwork, and arranging the changeover for you.
- Other changes to a tenancy agreement – These could include (amongst many things) seeking consent for the keeping of a pet, consent to run a business from home, or any other amendment which alters the obligations of the agreement. A fee of £50.00 is payable to cover the time spent and costs incurred by us in agreeing the amendment(s) with your Landlord, and preparing the paperwork for you. One fee of £50.00 is chargeable for each occasion that an amendment (or multiple amendments that are requested at the same time) is agreed by your Landlord.

### Fees relating to a tenant's request to terminate their tenancy agreement early

- If your Landlord agrees to your request to end your tenancy early, you should note that you will remain liable for the rent until the day a new tenancy commences. In the event that any replacement tenancy is agreed at a lower monthly rent, you will also be liable for the difference in rent, for the number of months that were unexpired under the terms of your tenancy. In addition, you will be liable to the landlord's costs in re-letting the property. These costs will be no more than the maximum amount of rent outstanding on the tenancy, and will include:

Landlord's Tenancy Set-Up cost of £360.00.

Remaining service charges due to the Agent from the Landlord for the remaining term of the tenancy agreement.

**Example:** If there were 3 months remaining on a contract whereby the rent is charged at £1,000.00 per month, and the service charge is 15% inc VAT then:  $£1,000.00 \times 15\% = £150.00 \times 3 \text{ months} = £450.00$

You should note that many prospective tenants start their property search more than two months before they are ready to move in. Therefore, if your request to terminate your agreement early is less than two months before the end of your fixed term, it is more likely that a new tenant will not be able to move in before the end of your fixed term. In this eventuality, you will be liable for the rent until the end of your fixed term.

## Frequently Asked Questions

### Do I need to pay a Holding Deposit?

Possibly. This will be dependent upon the wishes of the Landlord of the specific property that you are interested in. Please contact us for clarification.

### What is referencing?

References are taken up on all prospective Tenant(s) and Guarantor(s) in order to satisfy the Landlord of your character, credit history, and ability to pay the rent on time. The references may include a credit check, references from your employer/accountant, your previous Landlord or lender and a personal reference. A detailed guide to the referencing process is provided as part of this document, in Appendix A on Pages 7-9.

### What are the common reasons for failing referencing?

In order to minimise the risk of failing referencing, all applicants must have a clean credit history (no CCJ's, IVA's, Debt Management Plans, Bankruptcy Orders or any other adverse credit, including a low credit-score), and at least one of the applicants must have an income that can be confirmed by an employer (accountant for self-employed applicants) or pension provider. The applicant's employment status must be permanent, not on a zero-hours contract, and not subject to a probationary period. Self-employed applicants will need to have at least one year's accounts available. The combined annual income of the applicants must be in excess of 30 times the monthly rent.

### **What happens if I fail referencing?**

In the event that you fail referencing, it is highly likely that your proposed tenancy will not be able to go ahead. In some cases, failure can be avoided by the addition of a Guarantor. To minimise the risk of you not being able to rent your preferred property, if, based on the information in the above paragraph, you suspect that you may not pass referencing, please discuss the matter with our Lettings staff before making a final decision whether to proceed.

### **What if I have or need a Guarantor?**

Should a Guarantor be required for your tenancy, he/she will need to fulfil the criteria above (subject to an increased annual income multiplier of 36 times the monthly rent), not be a tenant in a rented property themselves, and must reside in the UK.

### **What will I need to pay before moving in, and when do I need to pay it?**

The initial payment consists of the Security Deposit (equal to x5 weeks rent for tenancies with an annual rent of less than £50,000, or x6 weeks rent for tenancies where the annual rent is £50,000 or more), and the first month's rent. This needs to be paid at the time that you sign the tenancy agreement.

### **Are there any other fees which may be payable before I can move into the property of my choice?**

No.

### **Are there any fees which I may have to pay either during or after the tenancy?**

Yes, please refer to the section noted as Tenant Fees Act 2019, on page 2 of this document for full details.

## **Further information in relation to renting a property**

### **Tenancy Agreement**

The form of the Tenancy Agreement is designed to specifically cater for the circumstances of both you and the Landlord. It is extremely important that you read the Tenancy Agreement carefully and make sure you understand all the clauses in it. If there is anything which you do not understand or would like clarified, you are welcome to discuss it with one of our lettings staff. **You should also seek independent legal advice to satisfy yourself that you understand all aspects of the document.**

### **Signing the Tenancy Agreement**

We normally issue the Tenancy Agreements and other documents for signature electronically via recorded e-mail. All other prescribed documents relating to your tenancy are also normally issued by e-mail. Once you and the Landlord are happy with the agreements, we ask all parties to sign them online. In the event that you are not able to deal with these documents electronically, please let us know as soon as possible, so that paper versions can be produced. In this event, we will also ask all parties to initial the corner of every page to confirm they have read that page, and that no new pages have been inserted after signing. Once all parties have signed the Tenancy Agreements, we will date each copy and execute them. They will then be legally binding on all parties. You will be forwarded one original, executed copy of the Tenancy Agreement for your own files. A second copy will be sent to your Landlord, and a third will be retained in our own files.

### **Inventory & Schedule of Condition**

Before the tenancy starts an Inventory will be prepared to provide a detailed schedule of the condition of the property and its contents. The Inventory is a very important document because it protects both you and your Landlord from disagreements about these matters at the end of the tenancy. See 'Returning your Deposit to you'. The costs for the preparation of the Inventory and Schedule of Condition are paid by the Landlord.

### **Check-in & Check-out**

The Inventory and Schedule of Condition is reviewed at the beginning and at the end of the tenancy. Once you have agreed the contents of the Inventory, you will be asked to sign it. A copy will be given or sent to you for your own files. The Landlord will meet the cost of these reports. During the check-out, any discrepancies against the original Inventory are noted, including discrepancies over the condition, cleanliness etc. A Check-out report will then be drawn-up and sent to us. It is important that you attend the check-out appointment, in order to discuss any possible discrepancies with the Inventory Clerk whilst at the property.

### **Stamp Duty**

In some cases, you may be liable to pay Stamp Duty on your lease. You are therefore advised to contact HM Revenue & Customs to ascertain whether Stamp Duty is applicable to your tenancy. For more information, visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk). You are responsible for arranging and paying any Stamp Duty that may apply.

## **Initial Payments**

Ideally, payment should be made by direct credit transfer into our Client Account (eg. CHAPS or BACS payment). Please ask your bank to quote the address of the property as the payment reference, to help us identify it when it is received. Please bear in mind though that occasionally some types of 'electronic payments' take a certain number of days to reach our account. Therefore, if you are in any doubt as to the best way to make these payments, please contact a member of our Lettings staff. We do not accept payment by cheque. Please note that any delay in cleared funds arriving with our bank will delay you moving in to the property.

## **Deposit**

Your Deposit is usually held by us as Stakeholder for the duration of your tenancy. If your Deposit is to be held by your Landlord, we will notify you of this. The Deposit is intended to be used to offset any costs required to remedy your failure to fulfil the conditions of the Tenancy Agreement. Please note that in extreme cases it is possible that deductions due from the deposit may exceed the actual deposit amount. In these cases, you will be required to meet any shortfall.

## **Overall Responsibilities**

You are required to take proper care of the property. This includes, for example, cleaning chimneys when necessary, unblocking the sink when it is blocked, replacing electrical fuses if required, changing electric light bulbs, and general pest-control where necessary. In addition, you must not damage the property wilfully or negligently, and you must ensure that family or guests do not damage it. If they do, you will be liable to bear the costs. Please be advised that there is a 'non-smoking' policy in the property unless you have written consent from the landlord or ourselves to contradict this. There is also a 'no pets' policy unless agreed and confirmed in writing by ourselves prior to commencement of the tenancy. All amenities gas, electric, oil, telephone etc are the tenants responsibility during the tenancy term.

The above information is intended for brief guidance only. The Tenant's full responsibilities are set out in your Tenancy Agreement.

## **Rent Payments**

After the initial payment, your rent should be paid by Standing Order. We will provide you with details of the bank account to pay the rent to, but it is your responsibility to set-up the standing order. The rent must be cleared into the account on the due date, so you should check with your bank how quickly the payment will arrive, and adjust your payment date accordingly. Please ensure that there are sufficient funds in your account on the day to meet the payment. If any rent payments are received 14 days late or more, they will be subject to the default fee detailed on Page 2 of this document.

## **Utilities**

You are responsible for the payment of all utilities charges (for example gas, electricity, telephone and water) during your tenancy. We recommend that you notify all utilities companies of your contact details and meter-readings at the beginning and end of your tenancy.

To help with the move-in process we have teamed up with Tenant Shop to streamline the registration process for your new property by notifying the local council, water and energy suppliers of your move. We will use software supplied by Tenant Shop to notify all the necessary organisations that you have arrived and provide your contact information, moving in date and meter readings where applicable. Tenant Shop will call you to clarify the current suppliers to your new property. The reverse will happen when you move out.

Tenant Shop Limited, whose registered office is at Inchora House, Building X92, Cody Technology Park, Farnborough, Hampshire, GU14 0LX is fully compliant with the Data Protection Act 2018 and is registered with the Information Commissioners Office registration number Z305733X. Tenant Shop Limited will only use your information for the purposes set out above. Tenant Shop is a trading style of Tenant Shop Limited which is an appointed representative of Albany Park Limited, which is authorised and regulated by the Financial Conduct Authority. Financial Services Register number for Albany Park Limited is 304130 and 741081 for Tenant Shop Limited trading as Tenant Shop. This is regarding Insurance products only. You can alter your options, exercise the right of restricted processing or opt out at any time by emailing: [customerservices@mytenantshop.co.uk](mailto:customerservices@mytenantshop.co.uk)

Tenant Shop may also be able to offer you assistance, if requested, with arranging other services, such as telephone, internet, TV and insurance products. If you decide to use Tenant Shop to arrange any services, you remain responsible for any contract terms that exist with the supplier of those services, even if the contract period runs beyond your period of occupation at the property. If you have a television, you will require a TV licence. If you require any local parking permits, these are also your responsibility.

## **Council Tax**

You are responsible for registering with the local authority Council Tax department for the duration of your tenancy. You are responsible for paying appropriate Council Tax for the period of your tenancy.

## Insurance

You are strongly advised to arrange your own insurance to protect your belongings, contents and valuables. Any insurance the Landlord may have will not cover the tenant's belongings. You are also responsible for any injury or death at the property caused by you or your guests, and insurance should be taken out to cover this.

## Property Management & Maintenance

We will notify you when you start your tenancy who to contact with maintenance issues or problems. On some occasions, this will be us. On some occasions this will be your Landlord or their nominated repairers.

## Periodic Inspections

Your Landlord may wish to ensure that the property is being kept in good order. In such circumstances, it will be necessary to arrange periodic inspection(s). The inspections are only carried out during normal weekday working hours. You can opt to be present at such an inspection, if you would like to be. We always endeavour to arrange these visits well in advance to ensure you are put to the minimum inconvenience.

## Renewal

If your rent has increased as part of a renewed tenancy, please remember to amend your Standing Order mandate appropriately. Any such proposal to extend/renew your tenancy remains 'Subject to Contract' until the necessary paperwork has been signed and executed.

## Early Termination of Tenancy

If you request an early termination of your tenancy outside what has been contractually agreed, and the Landlord agrees for the property to be remarketed in order to find suitable replacement tenants, then you will be expected to pay the fees incurred by the Landlord as a result of your unexpected termination. Those fees are detailed on Page 2 of this document. You will also remain liable for the property (including Council Tax and any utility charges) and the rent until the commencement of a new contract with a replacement tenant. In the event that any replacement tenancy is agreed at a lower monthly rent, you will also be liable for the difference in rent, for the number of months that were unexpired under the terms of your tenancy. In the event of an Early Termination Request being allowed, you will be required to sign a 'Deed of Surrender' confirming the date on which you will vacate the property and surrender your tenancy.

## Your responsibilities when vacating the property

At the end of your tenancy you must ensure that all your obligations are met, including making sure that rent and utilities charges are paid up to date. You must arrange for final meter-readings of electricity, gas, telephone and water (if applicable) and give the utilities companies a forwarding address for final accounts. You must also notify the Local Authority with regard to Council Tax charges. In addition, you must provide us with your forwarding address. You must ensure that the property is left in a thoroughly clean and tidy condition.

You must:

- return all items of fixtures/fittings to their original position as detailed in the Inventory;
- replace all broken/missing items to equivalent standards;
- return all keys, including duplicates, to us;
- arrange for the Post Office to redirect your mail;
- Pay all final utilities accounts and provide your forwarding address to the utilities companies and Council Tax department of the Local Authority.
- Ensure the garden is left properly-tended for the time of year.
- Cancel your Standing Order directly with your bank at the end of the tenancy after the final rent payment has been made. **We are not able to do this for you.**

Failure to comply with these requirements may delay the return of your Deposit and result in deductions being made from it.

One of the most common reasons for deductions from a tenant's deposit at the end of a tenancy is deficiencies in the standard of cleaning. In order to minimise the chance of any deductions being proposed from your deposit, it is important to ensure that the property is returned in the same condition as it was when you moved in to it. This means that, if the property or floor-coverings had been professionally cleaned before you moved in, you should have them professionally cleaned when you move out. The Inventory & Check-in report that we provide to you at the start of your tenancy will tell you whether this is the case. We recommend that particular attention is also paid to the cleanliness of any household appliances. The oven, hob, and any extractor hood may also need to be professionally cleaned, as they can become quite greasy, just through normal use, within a relatively short space of time.

There are many service providers available, purporting to be professional cleaners. Not all of these providers have a full understanding of the requirements of a proper end of tenancy clean. Service providers who do understand the requirements will often provide you with a “no deposit deductions” guarantee, so it is worth checking with your preferred supplier whether or not they offer this. Beware of choosing a service provider just on price. In our experience, this is one area where price and quality of work seem to be undeniably linked. You are free to choose your own service provider, but if you would like a recommendation, please ask one of our staff.

### **Returning your Deposit to you**

At the end of your tenancy, your Deposit will be returned to you once your Landlord has received and reviewed the Check-out report, and we have agreed any deductions to be made from it between you and your Landlord. Where we are holding your Deposit, we will liaise between you and your Landlord to establish if any deductions are necessary. Once we have written agreement from both Landlord and Tenant of any deductions to be made, the balance of the Deposit will be returned to you. At the end of your tenancy, please provide written details of who the deposit should be paid to, and your forwarding address. Where your Landlord holds your Deposit, you will need to liaise directly with them to obtain the return of the Deposit. In the event that agreement cannot be reached between the Landlord and Tenant, the issue will be referred to a Dispute Resolution Service.

### **‘Shared’ Tenancies**

#### **Tenants’ responsibilities**

Tenants are jointly and severally liable for all aspects of the Tenant’s responsibilities. This means that each individual Tenant is completely responsible for all the obligations, including rent, of the tenancy. When considering entering into a Tenancy with other sharers it is important to understand the obligations you and your fellow occupants will be entering into. Here are some issues to note and consider:

- All parties to the Tenancy Agreement will have these responsibilities even if they leave the property before the Tenancy term, unless otherwise agreed in writing.
- Rent must be paid by one single Standing Order. Any rent not paid is the responsibility of all sharers.
- At the end of the Tenancy the Inventory will be checked and all of the Tenants will be responsible for any deductions even if they themselves did not cause the damage.
- How well do you know the other sharers? Are you sure you get on with them well enough to live with them?

#### **Changes to sharers**

Should any mid-tenancy changes be made to the sharers (for example the replacement of one sharer with a different one), these can only be made with the agreement of your Landlord, and may be subject to conditions. In addition, we will charge the fee defined on Page 2 of this document to arrange the necessary paperwork. This fee includes the cost of taking up references on the proposed new occupant.

## **APPENDIX A**

### **A detailed guide to referencing**

#### **Overview**

Our aim is to provide you with as much information as possible about the referencing process, so that the chances of failing referencing are minimised. The following is a detailed breakdown of the process, but it is not an exhaustive list. If you are concerned about anything that may impact on your ability to pass referencing, please discuss this with us before applying for a tenancy.

When our referencing agents complete a reference check, they will be looking at three main points -

- Affordability Assessment
- Rental History
- Credit History

If an applicant has annual income or liquid funds to the ratio of 30 times their share of the monthly rent they will achieve a pass in that respect. Almost any kind of income can be considered, so long as it is liquid and guaranteed. For guarantors, the ratio rises to 36 times the annual rent.

#### **Affordability Assessment**

During the application process, they will ask applicants to define their income situation as one of, or a combination of the following:

- Employed
- Self-employed
- Contracted
- Unemployed
- Retired
- Student

They also ask the prospective tenant if they have any savings they would like to declare to support their application. These can be used to augment an applicant's income figure if their salary or other earnings do not meet the affordability criteria.

In any case which requires an applicant to send evidence of their income, all documents and/or screen-grabs must clearly display the applicant's name and the date in order for them to be able to use them. If this is not possible for whatever reason, the applicant must send further proof which can be used for cross-referencing purposes. Anything that they receive in an editable format, e.g. a spreadsheet, cannot be accepted as valid proof.

#### **Employed**

They will require a credible reference directly from the employer via a company e-mail or over a company landline. If they are unable to obtain from either, they will seek payslips or an employment contract to verify the information provided. In some circumstances it may also be necessary for them to see bank statements.

In certain circumstances some employers may require the applicant to request their reference directly or they are required to provide the reference directly to the applicant. In such cases they will review the reference received and assess whether further supporting documentation is required to support this.

They are able to review commission income on a case-by-case basis, in which the applicant has been employed by the company for a minimum of six months. They would request a minimum of six months' payslips and they would work out an average of the monthly commission which will then be added to the basic salary.

They are unable to accept bonus/allowances unless they are contractually guaranteed by employers and even then this must be reviewed on a case-by-case basis.

Employment must be permanent and ongoing, for at least the duration of the proposed tenancy. Persons employed on a zero-hours or temporary contract will require a suitable guarantor in order to pass referencing, or will need to pay all of the rent in advance.

#### **Self-employed**

Self-employed persons (including directors of limited companies, if they hold more than a 5% stake in the business) must provide documentary evidence of their income, in the form of 6 or 12 months personal bank statements, depending on whether they have an accountant who can verify their income for the last 12 months. If the applicant has an accountant who can confirm their income, 6 months' statements will be required. If the applicant does not have an accountant who can verify their income, 12 months' statements will be required. The bank statements provided must be complete (not just cover pages) and cover a period of six consecutive months minimum, historically from the date of their request.

Business bank statements will not normally be accepted, as they are looking at individual income, rather than the turnover of their business.

In some cases, for instance sole traders who do not have a personal current account, they may accept business bank statements, but this will be decided by the referencing agents on a case-by-case basis. For instances such as this, 12 months' statements will be required and an accountant's reference if applicable. They will assess the personal statements by totalling income over the period received, calculating a monthly average and then using that average figure to project an estimate of earnings over the coming 12 months.

They seek to obtain an accountant's reference (if applicable - many sole traders or small businesses self-assess) to give them an idea of the applicant's earnings over the last financial year. This builds up a picture of how consistent a self-employed person's income is historically, and combined with the evidence of current earnings allows them to be confident in the figure they attribute to the application.

It should be noted that applicants who list themselves as contracted or employed but as a Director/Vice President/CEO etc will be contacted to query their shareholdings/employment terms (e.g. sub-contractor) or if they are employed through their own limited company or as a sole trader. It may also be necessary to assess their income in the same way they assess self-employed applicants.

If an applicant has been self-employed for less than 12 months, they can accept a minimum of last three months' bank statements. E.g. self-employed for four months would mean applicant providing four months' personal bank statements, self-employed for seven months would mean seven months' personal bank statements etc. If an applicant has been self-employed for anything less than three months, they will require a guarantor or must pay full rent in advance.

The above criteria will be applied to both tenants and guarantors.

### **Retired**

Retired persons must provide proof of any pensions or benefits they are in receipt of. The affordability assessment for persons who are retired is fairly straightforward, as pension incomes are typically fixed. Acceptable documents to prove pension income are either the applicant's most recent P60 form, entitlement letters from pension providers, or three months personal bank statements. Other forms of pension documentation will be reviewed on a case-by-case basis.

### **Student**

Students will be asked to provide proof of their student loan entitlement as this typically will make up their entire income. Part-time work is also common in student applications, in which case an employment reference will be sought in line with the criteria outlined above for persons who are traditionally employed.

In general, most students will require a guarantor to support their application, as even combined with part-time work their student finance entitlement will not normally be sufficient.

Whilst assessing student income, any income the student has already received or will receive before the start of the tenancy will not be taken into account.

They require the student finance for the academic year that will cover the tenancy - they are unable to accept proof from previous academic years.

### **Benefit Income**

Applicants in receipt of benefit income will be required to provide documentary proof of benefits either in the form of their most recent award letters or three months personal bank statements.

They are generally unable to verify income for the following benefits;

- Child Support Agency
- Council Tax Benefit
- Housing Benefit (although this may be acceptable if an applicant can provide sufficient proof)
- Social Fund Payment
- SSP (Statutory Sick Pay)
- Winter Fuel Payment/Christmas Bonus

### **Savings**

In cases of assessing an applicant's savings, they require a personal bank statement in the applicant's name dated within the last 30 days. They will also accept a credible screen-grab. Savings must have been present in an account for at least 30 days before they are acceptable.



• **Stocks and Shares/Investments** – They are generally unable to accept stocks and shares towards an affordability assessment, as their value is subject to change and not guaranteed. In very exceptional circumstances they may be able to count stocks and shares towards savings, should they be substantially larger than the required amount. This will be decided on a case-by-case basis by the referencing agency.

• **Proceeds of a property sale** - If an applicant has advised that they are selling their property, and that their income calculation will be based partly or in whole on this, the funds must be cleared into a current or savings account before they can be counted. Solicitors letters cannot be treated as acceptable proof of savings as house sales can still fall through at the last minute.

• **Savings held in a business account** - They are unable to accept savings held in a business account, even if the applicant is the owner of the business as they are unable to determine if those funds are for business or personal use.

### **Rental History**

If an applicant is renting their current property, they will look to obtain a reference from their current landlord or managing agent. This should confirm that the applicant has met the obligations on their tenancy agreement to the Landlord or managing agent's satisfaction.

A landlord's reference request consists of the following questions, along with confirmation of the address -

- Was the applicant's rent always paid on time?
- Did the applicant maintain the property's condition to an acceptable standard?
- Would you recommend the applicant as a tenant to other landlords?
- Do you consider the applicant to be trustworthy and honest?
- Do you have any other comments or information you feel we should be aware of?

This reference will be taken from the named referee on the application and could be either written (email or hard copy letter) or taken verbally over the telephone. When obtaining a landlord's reference, the team will take all necessary steps to ensure that the referee is qualified to give the reference.

If rent has been paid late on no more than two occasions by less than a week in the last three years, it will not affect the result of the reference; it will however be noted in the final report. If rent has been paid late on more than two occasions, or by more than a week in the last three years, the reference will fail.

### **Credit History**

When completing a reference check, they will search the database of their credit referencing partner, Equifax, to check that the applicant meets the minimum credit worthiness standard and that they do not have any negative credit history such as CCJ's, bankruptcy or IVA's. The search they conduct is a 'Soft' search, and will not be visible to lenders or credit providers should the applicant apply for a mortgage or loan in future. The search will show on a personal credit file, but as mentioned will in no way have any effect on an applicant's ability to obtain credit in future.

They are looking to see that any applicant has a credit score of at least 650 and that their record is free from detrimental information. Sometimes they may recommend a guarantor in cases where detrimental information is identified. If a guarantor is subsequently added to the application, and they are able to pass referencing, then the tenant will also be awarded a pass result. If a guarantor is not added, the reference will fail.

### **Summary**

As long as an applicant is proven to earn at least 30 times their share of the annual rent, they have a credit score of 650 or above with no detrimental information, and have been a good tenant in their current tenancy, then they will achieve a pass result. If any of those criteria are not met, the likelihood is that the reference will fail, or they may require a guarantor.

Please be aware that this document is designed to provide guidance on the vast majority of scenarios but is not an exhaustive list. There may be times where the referencing agency perceive a prospective applicant to be of high risk; in such cases more evidence may be sought or applications may be refused.