**Guidance Renting Homes (Fees etc.) (Wales) Act 2019 for Residential Landlords and Letting Agents**

The **Renting Homes (Fees etc.) (Wales) Act 2019** came into effect on September 1, 2019, and is applicable solely within Wales. Its primary objective is to reduce hidden costs for contract-holders at the beginning of an occupation contract.

The Act prohibits landlords and letting agents in Wales from charging certain fees to contract holders. Additionally, holding deposits are capped and must be refunded within specific timeframes, with some exceptions. Violating these rules can lead to criminal charges, with penalties including unlimited fines.

Enforcement authorities may also issue a £1,000 fixed penalty as an alternative to prosecution. Importantly, landlords and letting agents must return any prohibited payments or unlawfully retained holding deposits before serving a no-fault eviction notice (such as s173 or s186 notices).

**1. Affected Contracts**

This Act covers standard occupation contracts, including those initiated on or after September 1, 2019, and those converted to occupation contracts on December 1, 2022. Contracts made before September 1, 2019, are not subject to the Act's requirements.

**2. Permitted Payments**

Landlords can only charge contract-holders for the following:

1. **Rent**, with no fluctuations unless specified exceptions apply.
2. **Refundable security deposits**, with no specified cap in Wales.
3. **Refundable holding deposits**, capped at one week's rent.
4. **Default fees** for:
   * Actual costs of replacing keys or locks, supported by receipts or invoices.
   * Late rent payments if unpaid for more than seven days, at a rate not exceeding 3% above the Bank of England base rate.
5. **Council Tax**.
6. **Utilities** (electricity, gas, water, sewerage), if specified in the contract.
7. **Communication services** (landline, internet, cable, satellite TV), if specified in the contract.
8. **TV Licence**, if required under the contract.

**3. Prohibited Payments**

Landlords and letting agents are forbidden from charging any fees outside of the permitted payments, including:

* Letting fees, such as viewing, contract preparation, inventories, referencing, credit checks, and key collection.
* Charges for variations, assignments, or termination of contracts.
* Fees for professional cleaning services.
* Excess holding deposits beyond the legal cap.
* Renewal fees for contracts.
* Varying rent amounts across periods, unless the daily rate remains the same and specific conditions are met.

**4. Holding Deposits**

Holding deposits, capped at one week's rent, can be charged to secure a property while checks are completed. Before collecting a holding deposit, landlords or agents must provide specified information, including deposit amount, property address, landlord or agent details, contract duration, proposed occupation date, rent amount, and any additional contract terms or conditions.

Holding deposits must be refunded within seven days if the contract is finalised or if not, within seven days after the agreed deadline for entering the contract. They may only be retained in cases where the prospective tenant provides false information, fails to take reasonable steps to enter into the contract, or withdraws interest before the deadline.

**5. Prohibited Arrangements**

Landlords and letting agents cannot require tenants to make payments to third parties or enter into contracts with third parties, except for utility services. Tenants cannot be required to take loans for contract-related expenses.

**6. Consumer Rights Act 2015**

The Act empowers ministers to require letting agents to disclose their fees on third-party advertising websites, such as Zoopla or Rightmove.

**7. Penalties and Consequences**

* It is a criminal offence to charge prohibited payments, punishable by unlimited fines or a £1,000 fixed penalty notice.
* Landlords and agents must refund any prohibited payments or unlawfully retained holding deposits before issuing a no-fault eviction notice.
* Any contract term requiring prohibited payments is void, and tenants are not obliged to pay them.
* Enforcement authorities can demand information from landlords and tenants to investigate potential breaches, with penalties for non-compliance or providing false information.
* A Rent Smart Wales license may be revoked if the holder is deemed unfit due to non-compliance.
* Company officers may also be held accountable for offences committed under the Act.

Landlords and letting agents must adhere to these regulations to avoid penalties and ensure fair treatment of tenants.

**8. Enforcement and Compliance**

Landlords and letting agents are encouraged to thoroughly understand and comply with the provisions of the Renting Homes (Fees etc.) (Wales) Act 2019 to avoid legal repercussions and maintain good standing with regulatory authorities.

**a. Enforcement Authority**

The enforcement of the Act is primarily the responsibility of local housing authorities and the licensing authority (Rent Smart Wales). These bodies have the authority to investigate potential breaches, issue fines, and take further action as necessary.

**b. Fixed Penalty Notices**

Instead of pursuing a criminal conviction, enforcement authorities may issue a fixed penalty notice of £1,000 for certain offences. Payment of this penalty within 21 days will prevent further prosecution.

**c. Court Actions and Fines**

For serious breaches, landlords and letting agents can face court actions, leading to potentially unlimited fines. Additionally, courts can order the repayment of prohibited payments to contract-holders.

**d. Impact on Eviction Notices**

Landlords cannot serve a valid no-fault eviction notice if they have received or retained prohibited payments or an unlawfully retained holding deposit. This ensures that tenants are not unfairly evicted for non-payment of prohibited charges.

**e. Information Requirements**

Enforcement authorities have the power to request information from both landlords and contract holders to assist in the investigation of any breaches. Failure to comply with such requests or providing false or misleading information constitutes an offence that can lead to fines.

**f. Licensing Implications**

Non-compliance with the Act can affect the landlord’s or letting agent’s status with Rent Smart Wales. The licensing authority may revoke the license if the person is deemed unfit to hold it, based on violations of the Act.

**9. Special Considerations for Companies**

In cases where offences under the Act are committed by a corporate entity, senior officers of the company may also be held liable. This extends accountability to individuals within a company who have decision-making authority and ensures that corporate practices align with the legal requirements.

**10. Ongoing Compliance and Best Practices**

Landlords and letting agents should regularly review their practices and ensure they are fully compliant with the Act. This includes:

* Providing clear and complete information to potential tenants before any holding deposit is collected.
* Avoiding all forms of prohibited payments and ensuring that any permitted payments are clearly outlined and justified.
* Maintaining transparent and open communication with tenants about their rights and the terms of their occupation contracts.

**11. Resources and Support**

For further guidance, landlords and letting agents can refer to resources provided by Rent Smart Wales and the Welsh Government. Legal advice may also be sought to navigate complex situations or ensure full compliance with the Act.

**12. Summary**

The Renting Homes (Fees etc.) (Wales) Act 2019 represents a significant shift in tenant protection within Wales.

By outlining clear rules on what fees and charges are permissible, the Act aims to make renting fairer and more transparent for contract holders. Landlords and letting agents must familiarise themselves with these regulations and adjust their practices accordingly to avoid penalties and support a fair rental market.