



## Guide to Tenancy Deposits

Most landlords and letting agents will ask for a deposit or 'bond' when you sign a tenancy agreement.

There are two types of deposits, which can be confusing when you are moving in for the first time, or if it is not made clear what the money you are paying is going to be used for. Both have their own set of rules as to how they are used and returned.

This leaflet will also discuss the use of the Zero deposit schemes which are an increasingly common method amongst landlords and agents.

The two types of general deposits are:

- Holding deposit
- Tenancy deposit

### Holding deposit

A holding deposit is a sum of money paid to reserve accommodation prior to the signing of the tenancy.

There is a 'deadline for agreement', which means that a landlord should enter into the tenancy within 15 days from the date on which the holding deposit was received. A landlord and prospective tenant can agree a shorter or longer deadline in writing.

Unless one of the exceptions apply, the holding deposit must be repaid in full within seven days of the date of the:

- tenancy agreement being entered into
- landlord deciding not to grant the tenancy, or
- expiry of the 'deadline for agreement' and the landlord and tenant do not enter into an agreement.

Where the person who paid the holding deposit agrees **and** the tenancy is entered into, the landlord may repay the deposit by paying it towards the first payment of rent or the tenancy deposit. A landlord/agent can retain a holding deposit only where a prospective tenant:

- does not have the 'right to rent' (see our separate information on this). This is provided that prior to accepting the deposit, the landlord/agent did not know, and could not reasonably have been expected to know, that the tenant did not have such right



- provides false or misleading information that was relevant to the landlord granting a tenancy, for example a prospective tenant lied about their income. If a tenant has provided factually correct information, but their references are considered unsatisfactory, they are entitled to a full refund
- notifies the landlord/agent before the 'deadline for agreement' that they have decided not to enter into the agreement
- fails to take all reasonable steps to enter into the tenancy before the 'deadline for agreement' when the landlord/agent has taken all reasonable steps.

In respect of the last two bullets above, the holding deposit must still be returned where the landlord/agent:

- imposes a requirement on the tenant to make a prohibited payment (see [Letting agent fees for tenants - Shelter England](#) for more information on prohibited payments), or
- behaves in an unreasonable way towards the tenant, such that it would be unreasonable to expect the tenant to enter into the agreement.

Where the landlord/agent is permitted to retain the holding deposit, they must set out in writing why it is retained within seven days of:

- deciding not to grant the tenancy if this is before the 'deadline for agreement' or
- the 'deadline for agreement' passing.

If this is not done the holding deposit must be returned in full.

A landlord/agent may not accept a holding deposit where they have already received a holding deposit for the same accommodation from a different person and they have not repaid it.

## Tenancy deposit

This provides security for the landlord against any damage or financial loss such as:

- Outstanding rent
- Damage to the property, the furniture, and the decorations
- Removal of furniture
- The cost of cleaning necessary to return the property to the same standard as it was when you moved in
- The cost of removing rubbish from the property
- The cost of replacing locks or keys if they are not returned on time
- Outstanding bills that the landlord must pay on your behalf



The deposit cannot be used:

- to cover reasonable wear and tear that you have paid for in your rent. 'Wear and tear' is the natural deterioration of the property, or fixtures and fittings, over time
- to pay for unnecessary professional cleaning
- to pay for re-letting the property
- if you breached terms of your tenancy agreement, but this did not cost the landlord any money
- to cover unpaid gas, electricity, or water bills if your name is on the bill - unless the landlord has suffered a financial loss

If you are unsure what the money you have paid to your landlord is for, you should ask for a breakdown in writing from your landlord. Here is some information on what fees you can be charged and what fees are no longer allowed to be charged: [Letting agent fees for tenants - Shelter England](#)

## Tenant Fees Act 2019

Recent legislation has also limited the amount that can be requested as payment for the deposit. If you believe you have paid more than the limits, please contact the Student Advice Centre.

The payment of a tenancy deposit is a permitted payment, but it is **capped** at:

- five weeks' rent, where the total annual rent is less than £50,000
- six weeks' rent, where the total annual rent is £50,000 or more.

Any amount over and above the capped amount is classed as a prohibited payment and should be returned to you.

Where there is a joint tenancy, the cap relates to the total weekly rent for the tenancy. A landlord cannot ask for a tenancy deposit equivalent to five or six weeks' rent from each of the joint tenants.

A holding deposit is **capped** at the equivalent of one week's rent. Any amount over and above the capped amount is a prohibited payment under the Tenant Fees Act 2019.

Where there is a joint tenancy the cap relates to the total weekly rent for the tenancy. A landlord cannot ask for a holding deposit equivalent to one week's rent from each of the joint tenants.



## Tenancy Deposit Protection Schemes

In England and Wales, if you rent your home on an Assured Shorthold Tenancy (AST) your landlord or letting agent must place your deposit in one of the following government authorised tenancy deposit protection (TDP) schemes:

- Deposit Protection Service (DPS)
- MyDeposits (including deposits previously kept by Capita)
- The Dispute Service (TDS)

Shelter provide useful information regarding the tenancy deposit rules in England, this link includes further links to the schemes themselves:

[https://england.shelter.org.uk/housing\\_advice/tenancy\\_deposits/check\\_if\\_your\\_tenancy\\_deposit\\_is\\_protected](https://england.shelter.org.uk/housing_advice/tenancy_deposits/check_if_your_tenancy_deposit_is_protected)

Within 30 days of receiving your deposit, your landlord or agent must protect it within one of these schemes and give you the following information:

- Contact details for the deposit protection scheme they are using
- The address of the rented property and amount of deposit paid
- The landlord's or letting agency's name and contact details
- A reference number if they have one
- A copy of a deposit protection certificate, signed by the landlord
- Contact details for a third party if another person has protected the deposit
- Items or services covered by the deposit
- Circumstances under which the landlord can retain the deposit
- What to do if there is a dispute over how much of the deposit should be returned

The deposit scheme may provide you with a repayment ID, which you should keep safe until the end of the tenancy as you may need this to get your deposit back.

If you have not been given details of the scheme, ask your landlord if your deposit has been protected. If they give you details, you should then check with the relevant deposit scheme to make sure.

In cases where the landlord or agent has not protected the deposit, or in time within the 30-day deadline, a claim can be made against the landlord for non-compliance with the legislation.

If your landlord does not properly protect your deposit as stated above, you may be able to take them to court to claim tenancy deposit compensation, which can be between 1 and 3 times the amount of your deposit, plus the return (or protection) of the original deposit.



If you have already contacted your landlord about this and are not satisfied with their response, you should contact the Student Advice Centre.

Court claims can be expensive to bring, so you would need to seek further advice before acting on this.

## Zero Deposit Schemes

These are an alternative to the traditional tenancy deposit schemes described above, which are government approved. They became popular in the run up to the Tenant Fees Act 2019, which limited a landlord or agent to only requesting 5 or 6 weeks' tenancy deposit from a tenant, and one week's rent holding deposit. There is no requirement for protection of a Zero Deposit Scheme insurance policy.

The Zero deposit schemes generally act as an insurance policy. Tenants take out an insurance policy, sometimes the equivalent to 1 week's rent, which holds a tenant liable for any damages at the end of the tenancy.

If the landlord claims damages at the end of the tenancy, they do so against the policy taken out. The insurer/scheme will set out the claim and the tenant can dispute it.

There is no external free dispute resolution, arbitration, watchdog or ombudsman who specifically regulate these schemes or oversee the claims and disputes and it is all done internally. The scheme you have taken a policy with uses the Tenancy Deposit Scheme (TDS) as an arbitrator, however the TDS have investments in the schemes, so there are questions over their impartiality.

There is no official regulation of the schemes, but [The Property Ombudsman \(TPO\)](#) and the [lettings agent redress schemes](#) may take a complaint if you were pressured by a letting agent into taking the scheme over a cash deposit.

As the product purchased is an insurance policy, the Financial Ombudsman Service could be contacted in any dispute. You can find their details here: [Financial Ombudsman Service: our homepage \(financial-ombudsman.org.uk\)](https://www.financial-ombudsman.org.uk/)

It is not clear how the Financial Ombudsman Service will treat the complaint, and whether they will look at the dispute a tenant has over any deductions, or just whether they would look at whether the scheme has operated within any regulations for the type of product purchased.



Tenants typically remain liable for any damage under these schemes, or face debt collectors instructed by the insurer/scheme. The issue with these schemes is that there is no physical money involved. The cash held in the traditional tenancy deposit schemes is legally always the tenant's money and is considered as such by the schemes. Therefore, the onus is on landlords to make and prove claims. With the Zero Deposit Schemes, it is for you as the tenant to defend against a claim made.

Tenants are often charged unfairly for wear and tear or smaller damages, and in the zero deposit schemes a tenant could easily become trapped into a cycle of having to continue taking out zero deposit scheme policies. Racking up bad credit could mean more people find it difficult to rent or buy property in the future.

If you are asked to take out a Zero Deposit Scheme insurance policy, you may wish to seek advice first, although this can be difficult if the landlord or agent is putting pressure on you to sign up. If you feel you have one of these policies and you have had a claim made against you, please speak to us at the Student Advice Centre.

## Useful tips to avoid problems with your deposit

Have a written agreement with the landlord/agent detailing the following:

- How much the deposit is
- What it is held for and why it could be retained
- How it will be returned at the end of the tenancy
- Always get a detailed receipt for any money you pay towards your deposit and rent. Make sure the landlord provides an inventory of the property, listing the fixtures and fittings and their condition when you move in. If the landlord does not provide an inventory, you should make one yourself and have it signed by an independent witness.
- It would help to take date stamped photos of the property and its fixtures and fittings when you move in. Report any damages which are not your fault by writing to the landlord, and keep a copy.

Avoid damaging the property. If the property is damaged due to your actions or negligence then your landlord is within their rights to use your deposit to cover the reasonable costs of repairs, replacements, or cleaning.

It is best to inform the landlord promptly about any damage, but you can contact the Student Advice Centre first if you would like advice on this.



## Step by Step Guide to Getting your Deposit Back

Please note: this information applies to Assured Shorthold Tenancies only. If you have a different type of tenancy or are unsure about what type of tenancy you have, the Student Advice Centre can check it so that we can provide further advice for you.

### Evidence

Collect your evidence together to prove to your landlord that you have:

- Cleaned the property and left it in a reasonable condition (take date-stamped photos if possible)
- Made sure your rent payments are up to date
- Paid any outstanding bills
- Got your inventory, showing the condition / any issues when you moved into the property
- Handed in all keys for the property on time
- Got receipts for the amount of deposit you paid (this may be useful if you have to take court action)

### Ask for your deposit back

Please note that your landlord is responsible for repaying your deposit; however, if a letting agent manages the property they may be responsible for the deposit.

Your deposit should be refunded within 10 days of the tenancy ending. If you are unsure which scheme your landlord / agent has used, you can check Shelter's website to see if your deposit has been protected:

[http://england.shelter.org.uk/get\\_advice/tenancy\\_deposits/tenancy\\_deposit\\_protection\\_schemes/deposit\\_protection\\_and\\_tenancy\\_deposit\\_schemes](http://england.shelter.org.uk/get_advice/tenancy_deposits/tenancy_deposit_protection_schemes/deposit_protection_and_tenancy_deposit_schemes)

We advise you to request the return of your deposit in writing. The landlord should let you know if they are making any deductions from the deposit and should refund the difference. If you are unhappy with any deductions, you can write another letter asking for a breakdown of the deductions.

Send letters via recorded delivery and keep a copy. You should give your landlord / agent 14 working days to respond to your letter. If your landlord does not reply send a reminder letter including a copy of the original letter that you sent. Again, send it via recorded delivery and keep a copy. See below for a template letter

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Dear XXXXX,

Re: Return of tenancy deposit for: (add tenancy address here)

I am writing concerning the deposit I paid for the above address, for which I held an assured shorthold tenancy that ended on (add date here).

I left the property in good condition, and all rent has been paid in full. However, as yet my deposit totalling £ has not been returned to me. OR : I have only received part of my deposit, totalling £

[If applicable] The deposit was initially paid to the letting agent acting on your behalf, but as the landlord you are responsible for returning it. Please return the full deposit of £ add amount here forthwith or, if you are not prepared to do so, please confirm your reasons in writing, itemising any financial losses you believe you have incurred, enclosing copies of any receipts.

I look forward to your reply within fourteen days.

Yours sincerely

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## Contact the Tenancy Deposit Scheme

If your deposit is secured in a custodial deposit scheme then contact the relevant scheme and ask them to refund your deposit, which normally takes around 5- 10 days.

You or your landlord can ask the tenancy deposit protection scheme to refund:

- Your money in full
- Part of the deposit and the rest to your landlord if you both agree the amounts

A tenancy deposit protection scheme cannot refund your money if your landlord protected it using an insurance-based scheme. Please contact the scheme directly in the first instance, then get in touch with the Student Advice Centre if you are still unhappy.

## How do I challenge any deductions?

Your landlord may reply informing you that they have deducted money from the deposit. If you agree with the deductions you simply accept the agreement and you should be paid back within 10 days. You can contact your landlord directly if they fail to do so.





If you disagree with all/some of the deductions, write to the landlord disputing the deductions and charges if they seem unreasonable. In your letter:

- Ask the landlord to send you a breakdown of all deductions, costs etc.
- State which costs you do not accept
- Explain the reasons why you do not accept them
- State the amount of money you think should be returned to you

Give your landlord/letting agent 10 working days to respond, send it via recorded delivery and keep a copy.

### **If the landlord refuses to refund your deposit in full**

If you have written to your landlord and are unhappy with the response you can raise it with your protection scheme:

<https://www.tenancydepositscheme.com/deposit-disputes.html>

<https://www.mydeposits.co.uk/tenants/get-your-deposit-back/>

<https://www.depositprotection.com/im-a-tenant/i-want-to-know-more-about-disputes/>

These services are free and an alternative to going to court. They aim to resolve disputes and will review the case based on evidence that is presented by both parties and make a binding decision and decide if the deductions are justified or not.

However, both you and the landlord must agree to use the service. There is a 3-month deadline for using the scheme starting on the day you leave the property. If you have questions about these processes, it is best to contact the schemes directly. If you still have concerns you can contact the Student Advice Centre.

Using these services is not compulsory, and you could go straight to court action. However, their purpose is to avoid disputes ending up in court.

### **How can the Student Advice Centre help me?**

We can review any draft letters before you send them, read through landlord responses and check your tenancy agreement.

### **I want to take my landlord to court**

If you have exhausted all the steps outlined above you should contact Shelter:

[https://england.shelter.org.uk/get\\_help/local\\_services/sheffield](https://england.shelter.org.uk/get_help/local_services/sheffield)

Court action to recover tenancy deposits is straightforward, and takes place in the county court, so you won't need a solicitor. You may not even have to go to a court hearing at all –

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your landlord may return your tenancy deposit when made aware that you are considering court action. However, court action should only be used as a last resort and you would have to inform your landlord in writing that you intend on taking court action (this is called a Letter before Action).

**The information in these guides and on our web pages is given in good faith and has been carefully checked. However, the Student Advice Centre cannot accept responsibility for any action that you take on the basis of the information provided.**

**If you require the information in a different format, please contact us at:  
[advicecentre@shu.ac.uk](mailto:advicecentre@shu.ac.uk)**

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