

Tenancy Deposit Protection (TDP) Legislation

From 1st October 2006 all tenancy deposits taken by Landlords/Agents in relation to Assured Shorthold Tenancies (AST's) in England and Wales it will be mandatory to use a Tenancy Deposit Scheme.

This new legalisation is designed to safeguard tenants deposit money and provide adjudication for deposit schemes. There will be two types of schemes: a custodial scheme and one or more insurance-backed schemes. To avoid disputes having to go to court, both types of scheme will be supported by an alternative dispute resolution (ADR) service. The tenant will not have the right of choosing the custodial or insurance-backed scheme – it will be for the Landlord/Agent to decide which of the schemes will be used to protect the tenancy deposit.

Most Landlords/Agents deal fairly with tenancy deposits. However, the provisions of the TDP's need to be put in place to force the minority of bad Landlords to act responsibly by safeguarding tenancy deposits. The provisions put into place are simple process for all landlords to go through to ensure tenancy deposits are safeguarded.

The Tenancy Deposit Scheme came on stream two years ago with the backing of professional bodies active in the private rented sector. ARLA, the Association of Residential Letting Agents, the NAEA, the National Association of Estate Agents and the RICS, the Royal Institution of Chartered Surveyors.