

What is the Tenancy Deposit Scheme?

AN EXPLANATORY LEAFLET FOR LANDLORDS AND TENANTS.

What Is The Dispute Service Ltd ?

The Dispute Service Ltd is an independent, not-for-profit company established in 2003 to resolve complaints and disputes arising in the private rented sector speedily, fairly, and cost effectively. As well as TDS, the Company deals with complaints against members of The Association of Residential Letting Agents. The Dispute Service also runs a similar scheme, under the auspices of the Ombudsman for Estate Agents, for its members who undertake lettings.

Hazells & Co. are members of The Dispute Service Ltd. and complies with its rules and regulations concerning the new Tenancy Deposit Scheme.



THE DISPUTE SERVICE

INFORMATION AND
WORDING PROVIDED BY
THE DISPUTE SERVICE FOR
HAZELLS & CO.

Introduction

Many tenants in the private sector give their landlords a deposit against possible non-payment of rent or damage to property. When a tenancy comes to an end, there is usually no disagreement about the return of the deposit. Sometimes there is, and this can cause much hardship and inconvenience to both landlord and tenant.

The Housing Act 2004 (Chapter 4, sections 212-5; & Schedule 10) made provision for both the protection of tenancy deposits and the resolution of disputes over their return. The Dispute Service has been awarded a contract by the Government to run one such scheme:

The Tenancy Deposit Scheme (TDS).

The legislation comes into effect on 6 April 2007.

After that date all deposits taken for Assured Shorthold Tenancies will have to be covered by a tenancy deposit protection scheme.

What is The Tenancy Deposit Scheme?

TDS ensures that the deposits are protected and that disputes about their return are resolved swiftly, inexpensively, and impartially.

What are the new legislative requirements?

- Any landlord or agent who takes a deposit from a tenant for an Assured Shorthold Tenancy must safeguard it in an approved tenancy deposit scheme...
- ...and the tenant must be told which one.
- The deposit must be in money.
- Landlords in breach of these provisions will not be

able to issue S 21 notices, and may have to pay the tenant compensation of three times the deposit.

- The landlord/agent must submit the deposit to the operators of their scheme when requested to do so.
- Each scheme must have procedures for resolving disputes without going to court.
- There are strict time limits for the return of the deposit if there is no dispute.



How Are Deposits Held and Protected?

Hazells & Co. holds the deposit in a special client account. In most cases the tenant and the landlord will decide between them, assisted by the agent, how the deposit should be allocated. If there is a dispute, the landlord or agent has a couple of weeks to resolve it. After that, any of the parties – landlord, agent or tenant – can approach the ICE. The ICE (Independent Claims Examiner) will appoint an adjudicator to assist him in considering the evidence they provide, and will aim to issue his decision within 15 working days of receiving all the necessary papers (see following pages.)



**IF THERE IS A DISPUTE –
WHAT HAPPENS TO THE
DEPOSIT?**

The member will transfer the disputed amount to The Dispute Service. It has a special cash fund which enables the ICE to carry on with an adjudication and to pay out the deposit even if the member has not sent it. If the member has not sent the deposit, The Dispute Service will claim it from its insurers as necessary. It will then pursue the member for repayment.

The Dispute Service will pay out the deposit according to the instructions of the ICE following his award.

How Are Disputes Resolved?

1. You have 20 working days to raise a dispute, and the Member has 10 working days to resolve it.
2. If not, you decide if you want to go to court, or to have the ICE deal with it – which is what most people prefer.
3. Send details of the dispute on form TDS 2 Notification of Dispute, together with relevant documentation, to the ICE.
4. Whoever is holding the deposit must send the amount in dispute to the ICE.
5. The ICE will copy the details of the dispute to other party, asking them to tell him within 5 working days if they intend to challenge it. They have a further 5 working days to send in their side of the story i.e. 10 days altogether.
6. The ICE will appoint an adjudicator to assist him, with a view to issuing an adjudication within 15 working days of receiving all the necessary paper work.
7. The disputed amount will be paid out in accordance with the adjudication within a further 10 working days.

Why is using Alternative Dispute Resolution better than sending disputes to court?

Deposit disputes need to be resolved quickly and cheaply. Tenants usually need the money as a deposit on their next property, and landlords need to know how much will be available to spend on redecoration and repair. Going to court takes time and can be expensive and stressful.

Our successful adjudication process is based on an expert assessment of documentary evidence (which can also include photographs and video).

TDSRA demonstrated that we could complete nearly all adjudications well within the time specified in our contract with the Government.

Who Should I Contact?



- To get more information about the Scheme
- Advice about The Dispute Service
- Resolution of a dispute about a deposit

PLEASE CONTACT THE DISPUTE SERVICE AT:
PO BOX 1255, Hemel Hempstead, Herts, HP1 9GN
Tel : 0845 2267837 Fax : 01494 431 123
Email: deposits@tds.gb.com

If you want to get the forms and other published information, please visit www.tds.gb.com or contact The Dispute Service.