191 Pages of Essential Landlord Knowledge

A Guide For New Landlords

A definitive anthology for getting started on your property journey

A Guide for New Landlords - First published January 2022

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Foreword

Despite increasing legislation, the buy to let sector is still attractive to many people. Property is still a good investment and investors can expect solid returns if they keep learning about the sector and plan things carefully. At the core of it though, all that's needed is for you to buy a property and let it out to tenants.

Despite the relative ease with which anyone can become a landlord, there are a number of pitfalls to watch out for. There is a lot of red tape, and the sector is heavily regulated. It's not necessarily difficult to be a landlord and there are strategies that will work for both hands on and hands off landlords, but there are a lot of moving parts.

We frequently get asked questions by new landlords trying to get to grips with the sector, and over the last three years we've filled our blog with useful articles to help landlords at all stages of their journey. But here, for the first time, we've gathered all our best advice for brand new landlords covering almost everything you could wish to know.

We hope you enjoy the benefit of our experience and that it helps you on your own journey to building a successful property portfolio.

The Landlord Vision Team

Top Tips for New Landlords

Frequent any landlord forum or Facebook group and you will see that some of the most commonly asked questions come from would-be landlords looking for tips or advice when starting out. It's understandable, purchasing a buy-to-let property is often one of the biggest decisions you will make, second only to buying your own home.

For those thinking about purchasing a buy-to-let property for the first time, it is worth considering the following 12 tips. Understanding and appreciating these points will help to ensure that your first steps on the property investment ladder are successful ones.

Read, Listen and Learn

The key to investment is not having the most money, it is to be intelligent with the money that you have. When purchasing a buy-to-let property, smart investors truly understand what they're doing. They know how to research a property, how to work out the metrics, the common signs to look out for and which properties actually make sense as buy-to-let investments. It almost goes without saying, informed decisions tend to be good decisions.

Increasingly, to become a landlord is to acquire an additional profession. It takes time and experience to develop the knowledge and understanding required to succeed. Before purchasing your first buy-to-let, you should take time to learn about the property market and the requirements of being a landlord.
Read, listen and read some more. Purchase books on property investment and how to be a landlord. Read free blogs such as this, listen to podcasts and join forums online. Search for what you do not know so that you can be better equipped when you need to make the decisions that count. These should be the fundamental first steps of any would-be landlord.

Focus on Your Property Strategy

When purchasing a buy-to-let property it is important to ask yourself what you are looking for and what you are trying to achieve. Different properties cater to different types of tenants and each tenant type will have their own unique characteristics which require navigating. It is important to know what tenants you are targeting and what properties appeal to these tenants.

Once you know what type of tenants you are targeting, you can research the property features which are most desirable to them. You can narrow down the locations in which you are searching and the types of property which you intend to view to create a more finite list. Focusing on a specific type of tenant will allow you to build up an understanding of the key requirements for a successful buy-to-let property.

Understand Your Property Taxes

When looking to purchase a buy-to-let property, you need to assess the best structure to minimise your taxes and costs. This is a topic which is well covered in the Landlord Vision blog for a reason. Owning a property in your own name (as a sole trader) or through a limited company can affect everything from the financing options available, through to the land taxes you are liable to pay.

As a general rule of thumb, if you are a higher rate taxpayer or are planning to purchase the first of many properties, then a limited company structure may be more desirable. If you already own a property outright and you are not a higher rate taxpayer, keeping the property in your own name might be the better bet.

You should speak to an accountant and consider the pros and cons in detail before purchasing a property. Having the right structure in place from the outset will save you both time and money in the long run.

Know Your Numbers

Few landlords are mathematical geniuses. However, it is imperative that you become comfortable with some of the key ratios and metrics used by buy-to-let investors. Take time to understand and become comfortable with gross and net yields. Ensure you understand how leverage, capital growth and compounding work. Sit down and work out how much you can afford to spend and how much you need to keep as a rainy-day fund. As a minimum, you should be able to work out and understand the following:

- Gross Yield
- Net Yield
- Loan to Value (LTV)
- Return on Investment (ROI)

Once you are comfortable with how the ratios work and why they are important. It is then a question of determining at what point they work for you. Are you happy with a 3% net yield? If you use leverage, are you comfortable that the loan-to-value is appropriate and sufficiently contributes to the return on investment? You should determine your target returns and ratios and use these to filter and assess prospective properties.

Get Your Feet Through the Door

The property market is unique in that no two properties are the same. Even two flats in the same building can be of different sizes, layouts and locations. This means that, for every rule or metric, there is an exception. To properly understand the property market, you need to view as many properties as possible. You should aim to view between 50 and 100 properties before you purchase your first buy-to-let.

When viewing properties, it is not enough to just see them. You need to be able to consider and analyse the properties to determine their worth. In each instance, you want to consider questions such as:

- Why is this property listed for the price that it is?
- Is this property better or worse than the ones you have viewed previously and why?
- What sort of tenants would the property attract and how much rent would it yield?
- How much do you think that the property is worth?

It can even be worth keeping a log and writing down the answers to these questions. Doing this allows you to start thinking as a landlord and as an investor.

When you view a significant number of properties before purchasing, you are allowing experience to mould your investment framework. What you will find is that your criteria will undoubtedly change over time. Your understanding of what makes a good and a bad investment will begin to refine and you will be better equipped to judge the value of properties in general.

Don’t be Afraid to Low-Ball

Despite what you may think, few properties sell for their listed price.

Many properties will sell below their list price – although some in sought after locations may sell for more than they are listed for. Properties tend to be haggled and negotiated over until both buyers and sellers find a price which they are comfortable with. As such, you should never be afraid of putting in a low offer.

When you eventually find a property which you believe meets all of your criteria, it is time to check the sums. You need to determine at what price it makes sense to purchase the property. How much can you afford to pay for the property whilst still meeting your required return? Once you have determined this value, deduct 10-15%. In most cases, the seller will respond asking for more, in which case you can slowly up your bid until you reach your maximum level.

Once the price of a property surpasses the price at which the investment makes sense, it is time to walk away. Many first-time investors become attached to a property and overbid, paying more than it is worth. In reality, losing out on a property and walking away is a badge of professionalism. By viewing numerous properties and being disciplined in the offers you put in, you will eventually purchase the best property for you.

Rely on The Experts

A depressing truth of the property market is that there are some out there who wish to hide or deceive. There are many tricks of the trade which can be used to disguise or hide problems from uninitiated purchasers. Whilst there is a route for recompense, the property market is a market which operates behind the veil of 'buyer beware'.

As a first-time investor or landlord, you will want to avoid the risk of purchasing a property which may incur substantial bills in the future. As such, it is always advisable to rely on the experience of a qualified building surveyor to check the issues you are not trained to see. Many investors will skimp on the cost of a surveyor, only to pay a substantially greater cost further down the line.

When purchasing a property, it is not uncommon to state that your offer is conditional on completion of a building survey. This can be useful on a number of fronts. Firstly, should the surveyor find anything, you can use this as an opportunity to negotiate the price down or re-evaluate your decision.

Additionally, it is not unheard of to meet the surveyor during or after a survey to discuss the issues and learn about the checks they make. This can be a valuable learning opportunity for you.

Build Your Network

Few landlords and investors operate alone. The best property investors are surrounded by capable advisors and one of the best things you can do is to build up an experienced and trusted team of people you can rely. Invest in your network and your professional relationships.

If you are planning on using a mortgage, find an experienced and independent mortgage broker early in the process. You will be able to send them properties you are considering to check for any potential complications with financing. Such brokers can be a rich source of advice.

If purchasing properties through auctions or focusing on more niche areas in the buy-to-let market, it can be worthwhile building a relationship with an experienced solicitor who knows the property market. They can advise on everything from the purchase of properties through to the management of disputes. Similarly, when purchasing through a limited company, the right accountant can save you time and hassle. As you grow, their advice can be invaluable.

How do you choose the right advisors? Look for professionals who focus on your market. Make sure your mortgage broker is independent and has experience with the type of properties you wish to purchase. Ensure your solicitor has experience in property law and your accountant has other buy-to-let landlords as customers. The best check is to find out if they themselves have investment properties.

Don’t Be Tempted by The Easy Options

The property market can be a minefield of get rich quick schemes and know-it-all personalities. A quick google search of ‘investment property’ will include a long list of properties supposedly designed for investors. Experienced landlords and investors will tell you that the easy option usually comes at a cost.

Whilst some investors are comfortable with or able to navigate around the common pitfalls of buying buildings marketed as investment properties, you should treat these opportunities with caution. New-build properties often sell at a premium, guaranteed yields tend to be less ‘guaranteed’ than you might imagine, and large developments can often come with restrictions which severely hamper your ability to find an economical lender. There is no such thing as a free lunch and the best returns tend to come to those willing to put in the time and effort needed to make the best decisions.

Landlord or Letting Agent

One of the big questions you need to ask yourself is whether you will be an active landlord or whether your will be relying on a letting agent. For many, it will be a simple question of whether you have the time and willingness to manage tenants or not. If you have sufficient interest and time, then managing properties yourself can save costs and increase profitability. If you do not, then a letting agent should help to save you time and stress.

If you choose to actively manage your properties, ensure that you are up to date with the legal requirements and responsibilities of being a landlord. You will need to ensure that you routinely complete gas certifications and that the property is in an appropriate condition. When letting the property, you will need to use appropriate tenancy agreements and store deposits in a recognised tenancy deposit scheme. Truthfully, the time savings from using a landlord software package such as Landlord Vision will far exceed the financial cost.

If you choose to use a letting agent, be under no illusion that this will make your investment entirely passive. Owning a buy-to-let property still requires time and effort, even when using a capable letting agent. You will be required to choose the appropriate tenants, negotiate contracts and manage your own letting agent. You will exchange face-to-face contact with tenants for routine calls with your letting agent. Even with an agent, using landlord software will help to make your life easier.

When using an external property manager, you will also need to ensure that you are working with the best possible agent. Try to find an agent which primarily or solely focuses on lettings. Ask other landlords for their opinions on local agents and try to speak directly to the person who will be managing your property, you will need to develop a close working relationship with them.

Keep A Record

Buy-to-let properties in the UK require a significant amount of paperwork, both when they are purchased and when they are let out. This paperwork is a legal requirement and needs to be filled out correctly and kept securely.

A good tip for new landlords is to ensure that all the paperwork you encounter is stored safely and correctly. You will realise the value of doing this when you remortgage for the first time or encounter a dispute. In both instances, you will need to have access to all the documentation relating to your property.

Thankfully, this is something which Landlord Vision was designed to help with. You can create folders and store digital copies of documents against properties and tenancies. The ability to easily access digital copies of your documents at short notice will save you both time and stress.

Know When to Jump In

As this section has hopefully reinforced, it is not advisable to jump in and buy an investment property without doing your research first. That being said, some investors can face the opposite problem and become restricted by decision paralysis. They wait too long and miss out on too many opportunities in search of the perfect property. Whilst you wait for the perfect property, you could be missing out on a healthy rental income and slowly compounding capital growth. So how do you strike the right balance?

Setting yourself aims and objectives can help you to strike the right balance between researching enough and avoiding decision paralysis. Aim to read a certain number of books and blogs and view a given number of properties. After putting in the time and effort to achieve these goals, use the knowledge you have acquired to find the next best property to invest in. If it meets your requirements and you have completed the appropriate checks and prior viewings, it is time to jump in and become a landlord.

FAQs Often Asked by First-Time Landlords

The buy to let sector is still attractive to many people. Literally anyone can be a landlord. As long as you have enough money to buy a second property, you can let it to tenants and charge them rent for living there.

Despite the relative ease with which anyone can become a landlord, there are a number of pitfalls to watch out for. There is a lot of red tape and regulations landlords must adhere to. To give you a sense of what you need to get to grips with as a landlord, here are some frequently asked questions and, more importantly, answers!

Is Being a Landlord Profitable?

For the most part property is still a sound investment, but whether it's profitable is dependent on a lot of factors. There's a lot to think about when investing. For a start there are a number of different strategic models you can use. If you don't have much capital, you might want to start by investing in REIT's. If you choose a good one it is profitable. If you want to get straight into buy to let it will be profitable if you find the right house in the right area and let it to the right people. The key here is to pay careful consideration to what you're doing. Research your investment strategy and come up with a plan before rushing in. There is plenty of profit to be made for those who plan carefully and go into it with their eyes open.

Many landlords start off managing their properties alongside a full or part time job. If you make a success of your venture, you may end up acquiring more properties and running your portfolio as a full-time job. Your ability to do this will depend on many factors. So, it isn't just a case of saying "yes property is profitable".

If you're thinking about picking up your first property, think about how much it will cost, how much rent you will need to charge to cover your costs (including maintenance and upkeep of the property). Do research on rental demand, house prices. Run some scenarios. What if the interest rates go up, what if you struggle to re-mortgage when your fix ends, what if the property is empty for a few months. Considering all these things will show you whether you're likely to make a profit and will help you make an informed decision before getting started.

Can I Let out my Mortgaged Home?

No, you can't let a property that's covered by a residential mortgage. Most lenders have special restrictions preventing you from letting out the property if it was mortgaged as the borrower's primary residence. If you carry on anyway and the mortgage lender finds out, they could potentially repossess the property. This is considered mortgage fraud and it has many financial repercussions including making it difficult if not impossible to obtain credit in the future.

If you do want to let out a mortgaged home though, you won't necessarily have to switch to a new lender. Speak to your mortgage company and see if they can give you consent to let or to transfer you to a specialist buy to let product. If the lender can't or won't do this, speak to a mortgage broker to see what your options are.

Buy to let mortgages are usually more expensive and there are additional lending restrictions in place. They usually require a higher deposit too. Some types of mortgage, such as Help to Buy and shared ownership mortgages, cannot usually be converted to a buy to let product.

Do I Need to Use a Letting Agent?

No, you don't need to use a letting agent to handle your rental property, but it's worth considering if you have no previous experience and if you are short on time. Letting agents offer a range of services, including one-off packages that can help you during busier periods rather than across the length of the tenancy.

The two most common types of letting agent package are 'tenant finder' and 'fully managed'.

A tenant finder service will find and reference a tenant, set up a tenancy agreement, and anything else required up to the point the tenant moves in.

A fully managed service does everything including collecting rent, handling repairs, negotiating contacts, and more. Do bear in mind, however, that not all letting agents are created equal. It is not uncommon to hear landlords complaining that their agents are doing the bare minimum, i.e., not enough to justify the 10% to 15% of the total rent they charge.

Paying a letting agent to manage your property does give you some professional distance, but it's still your legal responsibility. If anything goes wrong, the landlord is almost always liable in the eyes of the law. So, if the letting agent fails to carry out repairs and service the boiler, you are to blame. That's not to say you shouldn't use an agent, but you should do your due diligence and prepare to have oversight of the agent to protect your own interests.

How Much Rent Should I Charge?

How long is a piece of string?

Deciding how much rent to charge is tricky, as it depends on a number of factors. Charge too much rent and you won't find any tenants; too little and you will be reducing your profit.

Factors that determine rent include:

- Location
- Whether there's a mortgage on the property
- Whether a property is unfurnished or furnished
- The property's features
- The type of tenants you want to attract
- Local amenities
- Whether you're willing to accept pets
- How much competition you are up against

This is where research comes in. Look at property websites to see what the going rate is for a property like yours. Portico's rent calculator is useful – plug in your postcode and see what figures it gives you. It will help you make an informed decision.

Once you have a ballpark figure, speak to a letting agent to see what figure they recommend. You don't need to sign up for their services – most will be happy to advise you in the hope you'll be back when you need a letting agent to manage your property.

Don't be too ambitious. It's best to strike a sensible balance between what you want to charge and keeping it competitive for the sake of attracting suitable tenants.

Can a Tenant Say no to a Rent Increase?

There are some instances where a tenant can say no to a rent increase.

Landlords cannot increase the rent if the tenant is on an assured shorthold tenancy agreement, unless it contains a clause that says the rent can be increased on a certain date, and by how much. You can ask a tenant if they are willing to pay more rent at any time, but they have the right to say no.

Once an assured shorthold tenancy has ended and reverted to a rolling tenancy, you can increase the rent. You must notify the tenant using Form 4 as per Section 13 of the Housing Act 1988. Note this does not apply when there is a contractual clause allowing for rent increases.

Rent increases must be reasonable and in line with market rents. If a tenant doesn't feel the proposed figure is reasonable, they first should talk to you about it. If you don't come to an agreement, the tenant can take their claim to a tribunal. The tribunal will then determine whether the proposed rent increase is fair; the tribunal's decision is binding.

If a tenant disputes a rent increase, it is much better to try and come to an understanding together. Having a good relationship with your tenants is an important success vector for landlords.

What Happens if the Tenant Stops Paying the Rent?

If a tenant stops paying the rent, contact them immediately to find out why. It might be an oversight or a temporary blip. However, if the tenant has lost their job or some other unfortunate event has overtaken them, they might not be able to pay the rent for a length of time.

In the first instance, you should always talk to the tenant to see what's going on. Try to come to an arrangement that benefits you both. If the tenant is unable to pay for a period of time or arrears build up, you should try and agree on a payment plan. Sometimes, offering a short-term discount or a rent holiday is enough to help an otherwise reliable tenant get back on their feet.

If the situation can't be resolved and the tenant is unwilling to pay the rent or to settle arrears, then you may need to start eviction proceedings.

Some landlord insurance providers will cover you against rent arrears, if not as standard, then it may be provided as an additional cover. It is worth considering taking out an insurance plan if non-payment of rent is a particular concern you have. Another useful option is to ask a new tenant for a rent guarantor. This is common practice among landlords who let to students or those who let to people with a poor or no credit history.

How do I Find Tenants?

The easiest way for new landlords to find tenants is to use a letting agent's 'Tenant Finder' service. They do all the legwork, including tenant referencing and setting up an assured shorthold tenancy agreement.

If you prefer to look for suitable tenants yourself, there are several ways to go about it.

The first is to advertise on property portals such as Rightmove and Zoopla, but you'll need to sign up for an online letting agent as Rightmove and Zoopla don't allow direct advertising. There are good deals available from many online letting agents that will allow you to place an ad without signing up to additional services. OpenRent is a common option as is Upad.

Social media can also be a good platform for finding tenants. Advertise your property on local buy/sell pages but remember to refresh the listing daily. Using Facebook marketplace is free and has been known to work for many landlords.

Other property advertising sites worth trying are Gumtree, Craig's List, House Ladder, and Airbnb (for short-term lets).

Word of mouth can be an effective advertising strategy. Tell everyone and their dog you have a house to let, and the right person might hear about it.

What if I Get a Bad Tenant?

There are plenty of news stories around about tenants leaving landlords with thousands of pounds worth of damage and unpaid rent. But the converse is also true. There are plenty of stories out there of landlords who leave their tenants with no hot water, holes in their roofs and just generally appalling living conditions.

The truth is that most tenants are perfectly reasonable people who are looking for somewhere to live in peace. Most landlords are perfectly reasonable people who are looking to rent their properties out with as little fuss as possible. It is in everyone's interests to not think of it as an us and them situation, but to conduct your affairs as you would with any other business venture.

You should do whatever is reasonably possible to ensure you are renting to the right person. You should conduct tenant referencing to screen your tenant ahead of taking them on. This includes:

- Running credit checks to ensure they can afford the rent and that they have a good history of making payments on time. It isn't a good experience for you or the tenant if there are affordability issues from the outset.
- Following up on any references they have given, for example speaking to their previous landlord or letting agent to verify the reference is genuine and following up with their workplace to ensure their payslips are genuine.

Be aware of rental scams and common behaviours of criminals who are looking to rent the property to create a cannabis farm. These things occasionally happen. Usually in this instance, someone pretending to be an interested tenant will offer a few months' rent in advance. Understanding what to look out for and what the latest scams look like will go a long way toward helping you not fall for them.

Once your tenant is in place, make sure you conduct regular inspections, or that your letting agent does. It is common to inspect every 3 months during the first year, and every 6 months for every subsequent year if you're happy that the tenant is keeping the property well and reporting maintenance issues.

In almost every news story where a landlord has been left with property damage it is because they haven't conducted screening, or they've not inspected the property for a year or longer.

Do I Need to Furnish the Rental Property?

This will depend on the type of tenant you're looking to appeal to and what rental model you are operating.

If you decide to go with short-term lets or a shared house, you'll have to provide furniture. Holiday lets need to be fully furnished, and usually to a high standard – unless you don't mind receiving lots of bad reviews.

Long-term rentals don't have to be furnished, although most tenants expect white goods such as a fridge/freezer, washing machine and cooker.

Younger tenants renting their first property, students and young professionals are more likely to look for furnished properties. Older professionals, middle aged renters and families are more likely to look for unfurnished properties. This is just a generalisation though and there are likely to be many exceptions to this.

Larger landlords with multiple properties tend to rent storage facilities which allow them to offer properties on a furnished or unfurnished basis as they're able to store any furniture that isn't in use. If you're just getting started, you may want to factor furnishing into your decision when deciding what kind of property to buy and what kind of tenant to rent to.

Will any Old Furniture do?

No, all furniture in rental properties must comply with the 1993 amendments to the Furniture and Furnishings (Fire) (Safety) Regulations 1988. Furniture covered by the regulations includes sofas, armchairs, divans, mattresses, nursery furniture, futons, garden furniture that could be used indoors, scatter cushions, pillows, etc. Antique furniture made prior to 1950 is exempt.

All non-exempt furniture must have the manufacturer's label stating it meets BS7177. This shows the item has passed the cigarette test and match resistant test and contains a fire-resistant filling material.

The best advice we can give you here is use new furniture if you decide to furnish or part-furnish a property. This ensures you are compliant and there is no fire risk to your tenants. It also ensures the property looks modern and attractive, which goes a long way to helping you attract new tenants.

Do I Need an EPC?

All landlords must have an EPC (Energy Performance Certificate) for their property, which details the energy efficiency rating of the property. The EPC also details any work that can and should be carried out to improve the EPC rating of the property.

If you use a letting agent, they will have an EPC done on your behalf, but there will be a charge for it. You're free to pay for your own EPC, and it will probably be cheaper if you do. Shop around for the best price, as rates vary.

You can use the EPC register to find an accredited Domestic Energy Assessor here.

EPCs last for 10 years. If you have one from when you bought the property, check it is still in date. Remember, if further energy improvements have been carried out, such as double-glazing, the EPC will no longer be correct.

All properties in the private rental sector must have an EPC rating of E and above. It is unlawful to rent a property with an EPC of F and below. If you do, you could be fined up to £5,000.

There are some quick and easy ways to boost a property's EPC rating. Adding extra loft insulation doesn't cost much and can be done as a DIY project. It's also worth replacing incandescent light bulbs with LEDs. If the property has an older boiler, consider upgrading it to a new, energy-efficient model. As a side bonus, it will likely come with a warranty and be more reliable.

There are plans to increase the EPC standards in the private rental sector, so if you're at the point of looking for the right property, EPC should be a factor in your decision. It is rumoured that the government will increase the EPC standard to D before 2025. Where a property does not meet the minimum standard, it can't be let out unless the landlord has spent a certain amount of money trying to bring the property up to the minimum standard.

It is also a legal requirement for landlords to provide tenants with an EPC certificate. Failure to do so can prevent you from serving a section 21 notice if you later require possession of the property.

There are some exemptions, for instance, Bedsits or room lets where there is a shared kitchen, toilet and/or bathroom do not require an EPC. Also, if the work required to bring the property up to the requisite standard is carried out but isn't effective the property may still be let out. Or if the mortgage lender doesn't approve the improvement works this can also make the property exempt. Most landlords, however, are likely to have to comply.

Do I Need a Property Inventory?

A property inventory is a detailed list of everything in the property and its condition, from beds to sofas and fridges and floors.

You should prepare an inventory before a tenancy begins. This can be quite a tedious job, but there are also companies that will do an inventory for you. Everything in the property should be itemised and details of its condition recorded. It is becoming more common to supplement the inventory with photographs or videos. At the end of a tenancy the inventory helps to prove if there was any damage caused during the tenancy. If damage was caused and you want to retain some of the tenant's deposit to cover the damage, you would use the inventory to prove that the damage did not exist at the time you let the property out.

When the tenant moves in, you should provide them with a copy of the inventory and ask them to check it and then sign it to say they agree with the contents. If the tenant has any disputes or spots any discrepancies these should be dealt with until both the tenant and the landlord are happy with the contents of the inventory.

Who is Responsible for Property Damage?

This depends on the nature of the damage and how it was caused.

Structural damage is usually the remit of the landlord. So, if the roof starts leaking or a pipe bursts, this is the landlord's responsibility. Landlords should take out buildings insurance to help cover the costs of unforeseen structural issues.

Damage caused by a tenant is the tenant's responsibility and they are expected to cover the costs of this, usually from their deposit. So, if they spill bleach on a carpet, get hair dye stains on skirting boards etc. They should pay the costs of putting it right.

Wear and tear is a perfectly natural part of renting out a property and as such this is also the landlord's remit. Over time, paint flakes, things cleaned regularly get tiny scratches, furniture becomes less springy and breaks. The landlord should factor wear and tear into their maintenance costs.

Landlords should ensure that their tenancy agreements detail anything that the tenant is responsible for. For instance, some tenancy agreements will stipulate that the tenant is responsible for cleaning windows internally and externally, that they are responsible for keeping driveways and paths free of weeds etc. Anything detailed in the tenancy agreement should be reasonable. You can't, for instance, make the tenant responsible for anything structural, clauses like this aren't enforceable.

Tenants are responsible for notifying the landlord of any damage when it occurs, but you should also ensure that you conduct regular inspections. If a tenant has never owned a property themselves, they may not be able to spot the signs of structural damage.

This is of course a very simplified overview and there are bound to be grey areas. As a minimum to help with any disputes over responsibility for property damage you should:

- Obtain buildings insurance
- Understand your maintenance obligations
- Ensure the tenancy agreement stipulates what the tenant's obligations are
- Conduct a detailed inventory before the tenant moves in and have the tenant agree to the contents of this
- Collect a security deposit
- Take steps to minimise any potential damage or wear and tear – for instance fitting weed membranes in gardens, installing laminate flooring instead of carpets, buying solid furniture, taking out extended warranties on electrical items.
- Conduct regular inspections
- Conduct annual winter checks

How Much Deposit do I Charge?

There was a time when landlords could ask for whatever they liked as a deposit, but this is no longer the case.

As of 1 June, landlords must only ask for a maximum of five weeks' rent, or six weeks if the annual rent is more than £50k a year. You can ask for less than that, of course.

What do I do With the Deposit?

Landlords must place a tenant's deposit in a government-approved deposit protection scheme. There are currently three in England:

- MyDeposits
- Deposit Protection Service
- Tenancy Deposit Scheme

Scotland and Northern Ireland have different schemes.

Deposits must be placed in one of the schemes within 30 days of the start of the tenancy. You must return the tenant's deposit within 10 days of the end of the tenancy, subject to any deductions for damage, etc.

Once you have deposited the tenant's money, you must give them certain information, such as which scheme you're using, what they must do in the event of a dispute, and how they can get their money back. You can get more information on deposits from the Gov.UK website.

If you fail to protect your tenant's deposit, they can take you to court.

What are my Legal Obligations?

Landlords have a number of legal obligations to fulfil – the main points to be aware of are below.

Gas Appliances

It's a landlord's responsibility to ensure all gas appliances and flues are in safe working order. Gas appliances (e.g. boilers, cookers, and fires) must be tested once every twelve months by a qualified Gas Safe engineer.

Once checks have been carried out, you must provide tenants with a copy of the record. This must be given to tenants at the start of a new tenancy and during an existing tenancy.

You can find out more detailed information on Gas Safety for landlords here.

Electrical Appliances

Electrical appliances such as cookers, hobs, extractor fans, heaters, etc. must be tested to ensure they are safe. This is typically done during a Portable Appliance Testing survey. PAT checks should be carried out annually.

There are various companies that offer PAT testing services. It's not expensive, but make sure you hire a compliant engineer to do the work.

Electrical Wiring

The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 came into force at the beginning of June 2020. They apply to all private landlords renting properties in England where the property is the tenant's only or main residence (note that different standards apply to landlords in Wales and Scotland).

Under the new regulations, landlords must check the electrical installations in rental properties every five years. Testing must be carried out by a suitably qualified person, i.e., a competent electrician. You should provide a copy of the EICR report to your tenant within 28 days of the check being carried out.

Learn more about the regulations and a landlord's responsibilities under these regulations here.

Fire Safety

The law says all private rental properties must have at least one working smoke alarm(s). There also needs to be a carbon monoxide alarm if there is a solid-fuel burning appliance, such as a log burner or open fire.

It's strongly recommended that you fit more than one smoke and CO detector. Ideally, have one on each floor, so residents are given an early warning in the event of a fire. Battery operated smoke alarms are prone to being disabled – mains operated smoke alarms are a better option.

This article on fire safety for landlords goes into more detail.

The Homes (Fit for Human Habitation) Act

The Homes (Fit for Human Habitation) Act came into effect on 20 March 2019. It dictates that houses and flats in the rental sector are fit for human habitation, i.e. not suffering from damp, mould, vermin or any structural defects that make the property uninhabitable.

If you let a property that is not compliant or it falls into a state of disrepair and you don't fix it, your tenant has the right to sue and the local council may issue you with improvement notices and fines for not complying with these.

Do I Need to Pay Tax on my Rental Income?

A research study carried out by Tax Watch found that tax evasion is rife in the buy to let sector. The study estimates HMRC is owed around £1.7 billion a year in tax on rental income. Many landlords are not declaring some or all of their rental income. A previous study carried out by the University of Warwick found that 25% of landlords failed to declare as much as 60% of their rental income.

All rental income is taxable. Any profit you make from letting out a property (i.e., the money left over after your expenses have been deducted) is subject to your usual rate of income tax. The only time rental income is not tax deductible is when it is covered in part or in full by your personal allowance.

You'll need to register for self-assessment when you start renting out a property.

Make sure you declare your rental income before the deadline following the end of the tax year (this is typically January 31). Contact HMRC even if you earn less than £2,500 in rental income – if your rental income is less than £2,500, you may be able to pay the tax owed via PAYE if you are an employee.

Taxation is complicated, so if you're new to landlord life, it's a good idea to speak to an accountant. They can advise you what expenses are tax-deductible, and make sure you don't pay too much tax.

The penalties for tax evasion are severe – up to 200% of the money owed and even jail time.

Always keep good financial records when you rent out a property. You never know when HMRC might decide to look more closely at your letting activities; having clear and accurate business records will definitely help your cause.

Landlord software is a useful tool for managing rental properties. Use it to track your rental income and business expenditure. That way, you won't miss claiming any tax-deductible expenses at year-end.

There are plenty of tax-efficient ways to run a property portfolio. You may have heard of people setting up a limited company, for instance. There are also ways to offset capital gains and stamp duty. If you want a general idea without paying an accountant, you could pick up a book such as How to Reduce Landlord Taxes from our sister site Property Tax Portal. You could also subscribe to Property Tax Insider or just keep a general eye on the blogs of Tax Insider and Landlord Vision for tax tips and advice relating directly to property taxes. The more you know the less tax you'll pay in the long run.

Is the Property Still Mine if Tenants Live There?

Yes, but when a tenant signs a tenancy agreement, they acquire a leasehold share in the property, which gives them some legal rights. It's very important that you remember this, as failing to pay attention to a tenant's legal rights in respect of property leases could land you in hot water.

A tenant has the right to quiet enjoyment, which stops the landlord from entering the property on a whim. So, even though the property belongs to the landlord, they can't enter it without giving notice and seeking the tenant's permission.

Landlords can sell their property, as it belongs to them, but they can't evict the tenant without adhering to the correct process.

Who Pays the Bills?

This is largely down to landlord discretion and sometimes the type of tenancy that is taken out. It is best to make it clear in the tenancy agreement who is responsible for which bills.

Some tenancies are all-inclusive tenancy, this means the landlord pays the bills (council tax, gas, electric, water and broadband) and charges a higher rent to cover the extra expenditure. This situation is more common in student accommodation and HMOs, where tenants come and go on a regular basis and sorting out who owes what can be a bit of a nightmare.

When a property is let to a single occupant or family for six months or more, it is usually the tenant that pays the bills. Some landlords, however, continue to offer single lets as all-inclusive as it can help the property stand out in a crowded market.

When a property is empty between tenancies, the landlord is responsible for paying the bills.

Who Pays the TV Licence?

When the landlord provides a television, they pay for the TV licence. This typically applies to holiday lets, where guests expect the property to have a TV.

In normal unfurnished buy to let properties, the tenant is responsible for buying a TV licence if one is needed. It's best to make it clear in the tenancy agreement whether a tenant is responsible for purchasing a TV licence.

Can I Evict the Tenant if I Want the Property Back?

You can serve a Section 21 no-fault eviction notice to let the tenant know you want to end the tenancy agreement and take possession of your property. The section 21 lets the tenant know that the tenancy will expire at the end of the fixed term. The tenancy agreement will stipulate how much notice each party must give to end the tenancy so you will need to take note of this if you're planning to end the tenancy.

There are currently consultations and debates in parliament regarding the retirement of the Section 21 process, so things may change in the future.

Do I have to Check a Tenant's Immigration Status?

Under the Right to Rent scheme, which was rolled out in 2016, landlords are now expected to check a tenant's immigration status prior to offering them a tenancy agreement. This is normally done as part of tenant referencing checks.

If you fail to carry out checks and you end up letting a property to an illegal immigrant, you could end up with an unlimited fine and five-year prison sentence.

The process for checking a tenant's right to rent is here.

How to Make a Property Business Plan

Make no mistake, property investment is a business. Successful property investors and professional landlords have a solid plan in place from the beginning and they continually review this plan as their business grows.

"Failing to Plan is Planning to Fail"

Not having any kind of coherent plan is a recipe for disaster. You don't need a 500-page document outlining every last detail, with colourful graphs included, but you do need a clear statement of intent.

People who go ahead without a plan are guaranteed to fail at some point. And they usually lose a lot of money in the process.

Creating a Property Business Plan

There is no right or wrong way of creating a business plan but bear in mind that a lender may want to see your business plan before they commit to offering you mortgage funding. Therefore, it's a good idea to be as thorough as possible. Do your research, include pertinent facts and figures, and be willing to back these up with evidence.

To help you get started, we will outline the basic steps to follow below.

Step 1 – Your Current Situation

- Where you are right now is the foundation for your business plan.

- How much money are you planning to invest?
- Where is this money coming from – a BTL mortgage, inheritance, savings, etc.
- How much time are you willing to spend on your business? For example, if you want to run your portfolio part-time, you will probably need to use a letting agent, so you'll need to factor in their costs.
- How much experience do you have?
- Do you require any training?

Be honest when answering these questions. This business plan is your blueprint for the way forward.

Step 2 – Where do you Plan to be in 3, 5, or 10 Years?

Think of your property business plan as a road map. Your starting location is where you are now. Your final destination is where you hope to be in three, five, ten years or more.

This is when you need to think carefully about your goals.

- How many properties do you plan to add to your portfolio?
- Do you plan to manage your portfolio full-time?
- Do you need a set income from the business?
- Is this a long-term capital investment designed to supplement a pension in years to come, or a short-term profit strategy?

Answering these questions is a good opportunity to flesh out your long-term goals. Put a lot of thought into where you hope to be in X number of years. Write it down and discuss it with friends, family, and mentors. The more you discuss your strategy, the easier it will be to spot any potential holes in the plan.

Be realistic about your goals. It's one thing to say "I want to own a portfolio worth £1.5m in five years" and quite another to achieve this goal. Still, it's good to be ambitious, as long as you have a realistic strategy in place.

Step 3 – Creating a Property Business Strategy

Your business strategy is how you meet your goals. This is where you come up with solutions to problems. For example, if your savings are relatively meagre, your strategy needs to address the problem of funding. It tells you how much work you have to do to meet your goals.

In the early stages, it isn't necessary to come up with a detailed business strategy. Simple is good. It means you can remember it and use it to inform the decisions you make on the fly. However, once you have your main goals fleshed out, it is sensible to go into greater detail on the what, when, how, and why.

Problem-solving is a lot easier on paper using imaginary scenarios, than when faced with the stress of a real life problem. Try and think through every possible thing that might go wrong. Plan ahead and work out different investment strategies, so you can see which one works best.

Step 4 – Cash Flow Projections

Successful property investment relies on adequate cash flow. Do the maths. Plug in numbers and see which properties generate the best rental yields. Check out mortgage deals and see whether using one property to finance another is an option. Figure out what your expenses are likely to be and how much rental income you need to cover these and still give you a decent return.

Factor in personal expenses too. Remember that you'll need to cover your own bills if something goes wrong. For example, if you lose your main job or get sick, can you afford to live and continue managing your properties?

Speak to a Financial Advisor

Since financing a property investment portfolio is critical, it's worth speaking to a financial adviser when preparing a property business plan. Run through different funding options. Check out available financing deals with different lenders. Take advice on the best way to finance your investment plans. For example, you may be considering using an equity release scheme to free up some money from your family home. Now is a good time to find out whether this is a smart idea, or not.

Always speak to an independent advisor if you want objective advice.

Strategize different investment models. For example, compare the potential rental yields from an HMO compared to a house suitable for families. There may be a higher up-front investment required to convert a property into an HMO, but in the long-term, it could generate a better return on investment.

There are many different investment models worth considering. HMOs are one, but others include property flipping, student lets, buying properties at a discount, perhaps via auction, and then adding value.

Now is the time to work through your options and decide which one is right for your individual circumstances.

Building a Property Portfolio

Making a property business plan prior to investing in a single property doesn't need to be too comprehensive. All you really need to think about are funding, management, and what type of property you want to buy.

Building a portfolio of 3+ properties requires more thought, however, and if your long-term plan is to own a portfolio of 20+ properties, then this will need a more advanced business strategy.

Talk to Other Investors

Other investors have been where you are now. You can learn from their experiences, good and bad. Use this to help you strategize. Don't make the mistake of treating their business plan as your strategy, as their skills and experience won't mirror yours, but it is helpful to see how other investors manage their businesses.

You might discover that something you planned to try isn't profitable in your area. This is where local knowledge comes in handy. For example, perhaps you see HMOs as a profitable strategy, but after chatting to letting agents and other investors, you realise that the market is oversaturated and there are already too few tenants whereas demand is high for one and two-bed flats for young professionals.

Take Your Time

Don't rush the process of creating a working business plan. Begin with your current situation and decide where you want to be at a predetermined point in the future. As long as you have a clear – and realistic – way of planning out that journey, the rest should all come together.

And finally, be flexible and willing to make adjustments to your business plan. The best-laid plans don't always work as intended. Things change, unexpected problems arise, and your goals may change for reasons you hadn't considered.

What is Rental Yield and Why is it Important?

Buy to let is a business, and as a business owner, making a profit is a priority. Rental yield is one of those terms bandied about in landlord circles, but new landlords are not always sure what it means or how it benefits them.

What is the Gross Rental Yield?

In simple terms, the gross rental yield of a property is the annual income expressed as a percentage of the property's purchase price or value. We have an easy-to-use free rental yield calculator on the Landlord Vision website if you want to head on over to check it out.

Why is it Useful?

Rental yield offers a useful overview of whether a property is likely to be profitable. If a property is expensive, and the market is so saturated with rental properties that the average rent charged is low, then the property might not be a good investment. And vice versa. Use the gross rental yield to compare the potential profit on different properties. You can also use this figure to track the profitability of your portfolio over time. After all, property values change and rents also go up, but not necessarily on the same trajectory.

Calculating the Gross Rental Yield of a Property

Here's how to work out the gross rental yield.

Firstly, work out what the actual value of your property is. This is easy if you have only just purchased the property, but if you have owned the property for a while, it is worth asking an agent to give you an up-to-date valuation.

Next, work out what your annual rental income is. If your tenant pays monthly, multiply the rent by 12, or weekly, by 52, and so on.

The calculation is as follows: annual rental income divided by the property's value.

For example, if your property is worth £150,000 and your tenant pays £450 per month:

Calculate 450 x 12 = 6,600 to give you the annual rental income.

Divide that by the property value to get the rental yield:

6,600 / 150,000 x 100 = 4.4% gross rental yield.

That probably looks good, and it's a great headline indication, but landlords have expenses, so to work out if a rental property is profitable or not, we really need to know the net rental yield which factors these expenses in.

Calculating the Net Rental Yield

The net rental yield of a property is the figure you arrive at after deducting all your expenses, for example, letting agent fees, maintenance costs, accounting fees, insurance, etc. You should also deduct purchase costs such as Stamp Duty Land Tax, as well as the cost of void periods. Do not deduct any costs covered by the tenant, such as council tax and water rates (if applicable).

Here's how you work out the Net Rental Yield using the same example as the section above, but assuming your annual costs are £3000.

Deduct your expenses from your annual rental income:

6,600 – 3,000 = 3,600

Divide that figure by the value of your property and multiply it by 100 to give you the net yield percentage:

3,600 / 150,000 x 100 = 2.4%

This reduces the rental yield to 2.4%. Not so good. And if you have any unexpected expenses beyond what you've factored in, such as a new roof, new boiler etc, the net rental yield drops even further.

When to Use Rental Yield Calculations

Don't invest in a buy to let property without calculating the rental yield first, or you might end up paying over the odds for a house/flat and discovering the average rents in the area don't make it profitable once you deduct your expenses.

Recheck your rental yields regularly, so you can work out which properties in your portfolio are more profitable than others. In general terms, cheap properties tend to offer better yields, as your costs are lower.

Average UK Rental Yields

If you're a new landlord, it might be difficult to get to grips with what a good rental yield looks like. When you're just getting to grips with yields it's good to use benchmarking data so you can determine where your calculated yield falls on the spectrum. Simply google 'Average rental yields UK' to get the latest data. The benchmarks and the surveys conducted to arrive at them are constantly updated and refreshed so it makes sense to always search for the latest reports rather than relying on a single resource that might change.

How to Maximise Your Rental Yields

There are lots of ways to maximise rental yields, but the most obvious two are: buy a cheaper property and charge more rent.

However, whilst you are free to buy a property in a cheaper area, you can't charge more than the market rent unless the property warrants it. To maximise your returns, look for properties in popular areas, such as near universities, and avoid older properties with poor energy performance; these tend to be less popular with prospective tenants.

In existing properties, try to reduce your overheads, such as hiring a good accountant to save you money on your tax bill or looking for a cheaper letting agent (if applicable).

Void periods are unavoidable sometimes, but they can have a huge impact on your rental yields. Try to minimise them where possible. Check out this article for a more in depth look at how to reduce void periods.

Number crunching isn't always much fun, but it's a vital part of being a successful landlord. Check rental yields before you buy and monitor your portfolio closely. If a property isn't performing as you hoped, or a prospective purchase yields less than expected, you can then make an informed decision.

If you are using Landlord Vision to manage your properties, the rental yield is worked out for you on each property using the information in your portfolio. This allows you to keep a close eye on how your properties are performing over time.

Checks You Should Perform When Buying a Buy-to-let Property

The process of purchasing a buy-to-let property is full of common pitfalls which can trip up the uninitiated and experienced investor alike. Thankfully, a healthy mix of knowledge and research can help to support the process and avoid mistakes. With this in mind, it is important to develop a process which can be used to check and compare investment properties so that you come to the right decision:

Researching the Property Market

Without doubt, one of the most important things an investor can do when buying a property is to research the market. It is the most basic form of due diligence and cannot be overdone. Understanding the market in which you are choosing to invest helps to add context when determining the value of an opportunity.

It is important to narrow down the rationale behind investing in an area. If locality is a key factor in determining where you wish to invest, it is important to focus on the local areas which offer the best opportunities in the long run. It can be worth considering the following:

- Are there any large infrastructure projects planned?
- Are there any large housing development plans and if so, will they enhance the market or saturate the supply of properties?
- Are there any large employers planning to enter the local market and is the area dependent on only one major employer?
- What is the demographic profile of the area? Young populations will translate into consistent tenant demand in the future and persistent demand for first time buyer properties.

Research the Street

Great areas can have bad streets. A common property investment adage is to buy the worst house on the best street. In truth, finding the best street is no easy task. However, you can easily use basic checks to avoid the bad streets.

An important check to make is to look on websites such as www.streetcheck.co.uk which can provide a breakdown of the type of occupants, their employment status and any crime related activity on the street. High levels of crime, especially anti-social behaviour, are a clear warning sign for any street. Additionally, it is worth determining an average price for a given property type in the area. Streets where properties sell in excess of this price can be a good indicator for a sought-after location.

Find Comparable Properties

Once a property is found in a good location, the next check is to determine whether the property is priced appropriately. On the face of it, a property might seem to tick all the boxes, however it is still important not to pay over the odds.

Valuers will usually search for three comparable properties which have sold within the past 6-18 months. The properties will be of a similar type and specification to the one they are being compared against and will be as close as possible geographically. This same process is a recommended and replicable check for any property investor. Historic listings can be seen on websites such as Zoopla and Rightmove and can provide both pictures and sales particulars, helping to find the best possible comparables.

Always View Properties Twice

It is good practice to always view a property more than once. Ideally, it is best to view a property twice or more, including at different times in the day. Neighbourhoods can have a completely different feel about them depending what time of day it is. Make sure you're able to view the property in full light and also first thing in the morning or on an evening. This can help to rule out any unexpected surprises.

Ask the Right Questions

Questions are one of the primary weapons in any landlord's arsenal. When viewing a property, it always pays to ask why the owners are seeking to sell and whether the property has been previously let or owner occupied. This is basic due diligence but can be invaluable in bringing forth potential warning signs. Worthwhile questions might be:

- Has the owner conducted any recent work on the property?
- How long has the owner occupied the property?

- Why are they seeking to sell?
- Does the owner have a target price?
- Has the property ever been let out?

Perform Structural Property Checks

Sometimes properties will require a degree of refurbishment to bring them up to standard. This can often be part of the potential value the property can add. However, the difference in cost and time between a cosmetic refurbishment and rectifying a structural deficiency can be astounding. As such, it is important to keep an eye out for any potential warning signs.

Firstly, visually inspect both the inside and outside of the property for potential cracks. Signs of cracks in walls or near windows are an indication of stability issues with the property. Such problems can be especially expensive to rectify.

The electricals are also a key point of concern as rewiring a house costs in the thousands, not the hundreds. Old electrical fittings which look to be more than 20 years old are the first and easiest warning sign. The next thing to check for is the positioning of the electrical sockets. Sockets which are positioned especially low to the floor can be another indication of old wiring. Scorch marks on sockets and flickering or dim lights are other tell-tale signs.

Damp can be a commonly disguised problem. Often damp can be smelled before its seen, so it is worth having a sniff around to check for musty odours. Mould on walls or ceilings, lifting wallpaper and discoloration can all be indicators. Windows can be a common source of damp and it is worthwhile to check the frames and nearby walls and flooring in particular detail.

Finally, it is worth inspecting the plumbing of the property. The first port of call should be the boiler, check its age and service history if possible. It is also worth inspecting the outside waste pipes to check for evidence of leaks or age.

Additionally, pay very close attention to signs of leaks, especially those which occurred away from traditional fixtures and fittings and thus may be significantly more expensive to rectify.

Hire A Professional Surveyor

It is worth employing the skills of a RICS qualified surveyor when purchasing a property. Whilst they can be an added expense, the problems they help to avoid could take years upon years to pay off. If there is even the slightest hint of structural issues, it is worthwhile seeking professional guidance. The added benefit of using a surveyor is that if they do find problems with the property, such problems can be used to potentially negotiate the price down.

Speak to Neighbours

Depending on who you manage to speak to, conversing with neighbours can sometimes be a fruitful or fruitless exercise. That being said, a casual conversation with neighbours can avoid some of the more frightful pitfalls of property investing.

It's worth ensuring that you are not speaking to a direct neighbour as their advice or opinion may be influenced by personal experiences with the seller and they may be unwilling to give a fully truthful account. That being said, a general conversation with another owner on the street might indicate any risks of anti-social behaviour, proposed future developments or general neighbourhood gossip which may be of value.

Speak to Multiple Agents

Intelligent investors leverage the skills and knowledge of others. Sales and letting agents spend their entire careers cultivating a knowledge of the local market and are a useful source of advice. It is worth getting into contact with local letting agents to ask for their estimate of the potential rent a property might earn and its relative let-ability. By the same token, asking sales agents for a rough quote on what a similar property might sell for can be a worthwhile check to help determine the market value.

Use A Financial Model

The final check should be to step back and ask whether it all makes financial sense. After investing time and effort into assessing a property, it is not uncommon to become emotionally invested in seeing it come to fruition. With this in mind, it always worth sense checking the property against a formal model.

Sense checking an opportunity using a formal model does not have to be a complex process. The most important thing is to build a framework which highlights the returns and profit you are looking to achieve and inputs the information you now know to determine whether the property still meets all your requirements. This can be as simple as a checklist of key attributes and a rough outline of the costs and expected returns. The important aspect is taking the time to truly consider all of the information you have before making a decision.

How to Negotiate When Buying a Property

Typically, investors seek to purchase properties Below Market Value (BMV). Paying less for properties can be a key factor in determining how profitable your property investments turn out to be. Unfortunately, in an ever more digital and transparent world, buying a property below market value is proving to be an increasingly difficult task.

Investors wishing to get the best return on their money will need to use the art of negotiation. Experienced landlords and investors will seek to negotiate, ensuring that they purchase properties for the lowest possible cost. By negotiating the price down as much as possible, such investors can purchase properties at or below the market value, generating the highest possible returns.

Unfortunately, for many people the art of negotiation does not come naturally. If you find yourself to be one of these people, it may be worth taking a page from Chris Voss's book 'Never Split The Difference'. Voss was an FBI hostage negotiator before becoming a professor and CEO. Whilst his book is aimed at more general negotiation, the tips and tricks it provides can be successfully applied to purchasing properties.

Know Your Seller

Driving without sight is no easy task. Equally, negotiating without understanding the motivations of the seller can be a recipe for failure. When viewing a property, try to arrange a viewing with the owner present. If not, take the time to build a rapport with the selling agent. It is important to determine why the owner is selling the property and how this may drive their decisions.

- Is the owner seeking to move to a larger house or are they seeking to downsize?
- Is the property a repossession or probate?
- How long have they owned the property?

If you do view the property with an agent, ask if you can speak directly to the seller when putting an offer in. The ability to speak directly with sellers and to establish a connection will allow you to learn more about their aims and desires. If there are multiple buyers, you may be the only person they are directly speaking to and this may give you the upper hand.

Let the Other Side Go First

It can be beneficial to make the seller move first. Having built a rapport with the owner or agent and convinced them that you are a serious buyer, it can sometimes be worth asking the seller what they would really sell the property for. In doing this, you are asking the seller to reconsider the price they would actually accept on the property. In most instances they may reconfirm the list price. However, they may come back with a lower price, in which case the goalposts will have already moved in your favour.

Emotional Anchors

Negotiators use anchors to reframe a seller's mindset. A seller may have a given price in mind, however if you lead with an unexpectedly low offer – ideally one which is backed up by a historical comparable – you can use this to subliminally anchor their expectations to a lower value. Simply put, an unexpectedly low offer can make sellers question their own value assumptions. You need to be careful not to make an insultingly low offer. However, making an offer which is 20-25% below the listed price can be a useful technique when trying to negotiate a price down.

Establish A Range

Rather than using a specific anchor point, it can be useful to establish an emotional range. Instead of stating a single low offer, which can put sellers in a defensive mindset, you can refer to a range. You can say that, whilst their property is listed for £150,000, other properties in the area have sold for £120,000 to £140,000. The seller will still acknowledge the lower end of the range, however making an offer as part of a range will help to make it more palatable.

Use Non-monetary Terms

Whilst the absolute selling price will drive most people, it is often not the only consideration for sellers. If you understand the seller and what they are looking to achieve, you might use this to your advantage. If they are looking to move to another house but have not found the right one yet, you could offer to let them rent the house for 12 months with a one-month break clause. If they are buying a house which requires work, offer to put them in touch with a good builder that you know. In every instance, seek to add non-monetary value. When you do this, the seller will feel that you are trying your best to offer a deal which works for them.

Use Odd Numbers

Odd numbers provide an air of precision. Buyers in the property market tend to round up to the closest thousand when making offers. Often, people become set on even larger rounding than this, being drawn towards offers to the nearest £5,000 or £10,000. The problem is that this encourages sellers to push for you to reach the next rounded offer.

As you approach your price limit, consider making an unconventional offer. Instead of rounding up to £200,000, you could offer £198,350. The precision of this number can disarm sellers and convince them that you are at your financial limit, discouraging them from asking for more. Such offers can be especially effective when backed up with an investment statistic. You can inform the seller that anything above £198,350 would surpass you minimum targeted yield.

Surprise the Seller with A Gift

As strange as it may sound, a bottle of wine can be more than a bottle of wine. Sometimes, when negotiations are approaching their endpoint, it can be worth using a surprise gift. You can offer sellers a bottle of Laurent-Perrier to celebrate their house sale or for more expensive deals you could offer to buy them a TV for their new house. It may cost you £50 to £500, however the thought itself can often be worth more to the seller than the monetary value.

The Illusion of Control

It is human nature to feel more comfortable when you are in control of a situation. Interestingly, this can be a useful negotiation tool for buyers. Instead of providing answers, buyers can use calibrated questions to get the results that they want. Ask the seller questions which make them feel like they are in charge of the negotiation, but which encourage them to come up with solutions that benefit you.

If you begin to reach an impasse on the price, ask the seller 'How can we work to get this sale over the line?'. Equally, if the seller seems set on a particular price, ask them what about that price is so important to them. The trick is to encourage the seller to feel empathy towards you and to come up with their own answers.

When using calibrated questions, you should be careful not to start questions with the word 'why' unless you want the seller to defend a goal which serves you. The word 'why' comes across as an accusation and puts sellers on the defensive.

The 7-38-55 Percent Rule

The 7-38-55 rule was created by Albert Mehrabian. He argued that only 7 percent of a message is based on the words. The tone of voice and the speakers body language account for the remaining 38 percent and 55 percent respectively.

When buying a property, it is unlikely that the negotiation is done in person. However, you can ensure that you make the offer verbally. If you speak to the seller, or even the agent, ensure that you use a soft and reasonable voice.

Even if it is the agent you are speaking to, the way you convey the offer can help to influence the manner in which they represent it to the seller. If the agent does not like you, they are unlikely to represent your offer in a favourable light.

The Ackerman Model

Ackerman bargaining is a system for avoiding the predictable meet in the middle negotiation. The model uses a calculated method of offer and counteroffer to allow the negotiation to result in the user's favour. The model uses 6 simple steps which bring together many of the techniques mentioned above:

- Determine the price you want to purchase the property for.
- Set the first offer at 65 percent of your target price.
- Work out three negotiation prices of decreasing increments (85, 95 and 100 percent).
- Use empathy and questions instead of saying 'No' to encourage the seller to respond with a counteroffer.
- When determining the final amount, use prices with non-round numbers such as £167,850. This adds both credibility and weight to the final offer.
- On the final offer, throw in a non-monetary item such as a bottle of wine.

This system relies on convincing the seller that they are squeezing you to your absolute limit. In providing a non-round final figure which includes a non-monetary item, you are signalling to the seller that you are throwing every penny into a deal that you are keen to close. In reality, you have just reached the point with which the deal no longer makes financial sense.

Whilst the Ackerman model works, it does require some adapting for the property market. Firstly, avoid using too precise numbers. If you go down to haggling about pounds or pence, you will appear overly stingy and may encourage negative connotations. It is more viable to round to the nearest £50, which is still a minor amount in the grand scheme of things. Additionally, while a low anchor point of 65% may work well outside of the property market, it may be seen as insulting by some sellers. As such it might be better to use the following scale (rounded to the nearest £500 pounds):

- 80 percent
- 92.5 percent
- 97.5 percent
- 100 percent

Offer Timing

Timing your offers on a property can be a difficult balancing act. On the one hand, you do not want to respond too quickly as this will reinforce an assumption that you have been prepared to increase your offer all along. On the other hand, you do not want to wait too long as this will suggest disinterest or may allow other buyers to beat you to the purchase.

When negotiating, never immediately respond with a counteroffer. Instead, mention to the seller or agent that you will consider the offer and need to check the maths before getting back to them. Ideally, provide a timeline for when you will get back to them. If you are at work, say that you will check the figures when you get home and provide an answer first thing the following morning.

When you receive a counteroffer, you should use the call as an opportunity to convey concerns or queries if the price is too high. You should not immediately dismiss the offer. Instead, you could suggest that it may be difficult for you to reach that figure or that the counteroffer still seems to be quite high.

Use A Surveyor

When you do have an offer accepted, you can make it conditional on a building survey. The benefit of doing this is twofold. Firstly, having a qualified surveyor go out and assess the property will help to identify potential structural risks or costs. If the property is found to have significant structural issues, even the best negotiators will be out of pocket should they buy it. Secondly, should minor issues become apparent, you can use this information to go back to the seller and negotiate a lower price.

Don’t Be Afraid to Walk Away

In the cold light of day, the aim of being a landlord is to make money. You need to purchase properties which generate sufficient rental yield or capital growth to warrant the time you will be putting into them. If not, what is the point in dedicating so much of your time and money to the endeavour?

A common mistake that buyers make is to become emotionally invested in a property. For one reason or another, you may have non-financial reasons for wanting the purchase to go ahead. When this is the case, you are liable to overpay and make a decision which proves costly. Before making an offer, work out the expected return on the property. Calculate the price that you will need to purchase the property for to generate your target return and set this as your maximum price. If the negotiations exceed this price, you should be disciplined and walk away.

Buying an Investment Property with a Mortgage Vs. Cash

One of the most important factors in buy to let profitability is finding the right property. Choose well and you are guaranteed a good rental yield. Make a bad choice and you’ll struggle to find suitable tenants. But before you start looking for properties, you need to work out how you’re going to fund the purchase.

Landlords can either purchase buy to let properties with cash (i.e. using money they already have) or take out a buy to let mortgage to fund the purchase.

Buy To Let Mortgages

Buy to let mortgages are different from residential mortgages. Most are interest-only, so you are not paying down the capital each month. Lenders require a higher deposit, usually a minimum of 25%, but some of the better deals are only available if you have a deposit of 40% or more. Mortgage arrangement fees are typically higher than for a residential mortgage application. The mortgage is repaid when the property is sold.

As with residential mortgages, there are different products available, such as discounted variable rate mortgages and tracker deals. It's important to shop around, whether you are looking for a new mortgage or seeking to switch from a standard variable rate product.

The amount you can borrow will depend on how much rent you can realistically charge. Lenders usually require rental income to be 125% of the monthly payment. If your mortgage payment is £500 per month, you will need a minimum of £625 in rental income.

How Popular are Buy to Let Mortgages?

The 2018 English Private Landlord Survey asked landlords how they funded their rental property purchases. 55% of landlords had a mortgage. Landlords with more properties were more likely to use mortgage funding to buy rental properties.

49% of landlords who had been in the sector for three years or less had a buy to let mortgage. 58% of landlords who had been in the sector for between four and 10 years had a mortgage, and 54% of landlords who had been letting for 11 years or more used mortgage funding.

It's sensible to work with a broker if you want a buy to let mortgage, as they have access to products not available directly to the consumer. They can also make sure your application goes through smoothly and you don't apply for mortgages you are not eligible for.

Now we've covered the basics, let's take a look at the pros and cons of using mortgage funding to purchase investment properties.

The Pros

- Property gearing is a common strategy used by serious investors looking to grow a larger portfolio. Instead of using your own cash to buy a property, you use the lender's money.

For an example of how it works, imagine you have £100k in a savings account. You could use the money to buy a property outright or put down a £25k mortgage deposit on four buy to let properties worth £100k each. As we will discuss shortly, a bigger portfolio is more advantageous. Using the money to fund four mortgaged property purchases is usually more profitable than buying just one outright.

- You'll enjoy higher investment returns with a leveraged portfolio. If the property market booms over the next five years and your properties increase in value by 12%, you'll make £48k on four properties. This would have been only £12k if you bought one property with cash.

- Unless you have a significant sum of money, mortgaging means you can purchase more properties and build a larger portfolio, which adds a layer of protection from voids and market changes. The more properties you have, the less likely you are to suffer greatly from a loss of income if a tenant falls into rent arrears or the property remains empty.

The Cons

- Mortgage interest tax relief is no longer available for unincorporated landlords, so your expenses will be higher and it's therefore harder to make a profit. Landlords can no longer add mortgage interest tax relief to their letting expenses and will instead only be able to claim a 20% tax credit. A higher gross income pushes some individuals into a higher tax bracket, which could make buy to let a loss-making venture.
- It's not easy to get a buy to let mortgage, as lenders will look at a number of factors, including your age and your credit history. Lenders also expect you to already own a home, whether with an existing residential mortgage or outright. In addition, lenders expect you to have a minimum income of £25k a year; earning less than this will make it harder to find a lender willing to lend to you. Finally, older landlords are going to find it difficult, as there are upper age limits on how old you can be when the mortgage ends, typically 70-75.
- New lending restrictions introduced in 2017 mean lenders now have to 'stress test' mortgage applications. This will ensure borrowers can meet their repayment obligations if interest rates rise. This makes it harder for landlords to secure mortgage funding.
- Interest rates can go up as well as down. Considering the economic turmoil we experienced in 2020, taking on debt is looking less attractive by the minute.
- Many buy to let mortgage products come with strings. For example, it's common for lenders to specify what type of tenants you can't let to, such as people on benefits or family members. You won't be able to move back into the property if circumstances change, as this would be a breach of the terms of your mortgage.

- Borrowing money is always a risk, and the more leveraged you are, the higher the risk. Don't underestimate the risk involved in taking on a significant property debt. If life happens and you can't meet your repayment obligations, things will unravel very quickly.
- Even if your property income dries up, you still have to make your mortgage repayments. Make sure your cash flow can cover the mortgage repayments if you have no rental income.
- You could end up in negative equity. It's important to understand that the property market can fall as well as rise, and the more mortgage debt you have, the harder it will be to dig your way out of a hole if the worst happens. In a falling market, demand for housing plummets, and it could take months to sell a rental property. In the meantime, the lender will still expect to be paid, and if they choose, they could call in the debt and sell the property at a below market valuation. If this happens, you might still owe the lender money and have nothing to show for your debt.
- The minimum deposit for a buy to let mortgage product is usually 25%. With property prices rising continually it can be more difficult to save up the necessary funding to put that kind of deposit down.

Paying Cash

Paying cash for a property may seem like an advantageous move, but whilst it can be a good idea in some instances, it's not always cut and dried. Let's take a look at the pros and cons of using cash as opposed to a mortgage to fund a buy to let property purchase.

The Pros

- You can snap up a property faster when you pay cash. It often takes time to finalize a mortgage application because lenders have to run checks and decide whether you are a suitable recipient for their money. It typically takes 4-6 weeks for a mortgage offer to come through. If there are any hiccups, it could take longer, which will inevitably delay the conveyancing process.

- Cash buyers are more attractive to sellers because there are fewer delays. If you're after a property with several other interested parties in the running, the fact you're a cash buyer could sway the vendor in your favour.
- It's easier to buy a property at auction with cash. Auctions are a good place to pick up properties at below market value. Whilst it's possible to buy an auction property with mortgage funding, you'll need to have everything in place before you bid, and if the property is a 'doer-upper', don't expect the lender to be very enthusiastic.
- You're not paying interest on a loan. Buy to let mortgages are typically interest-only, so any repayments you make are only servicing the interest accruing on the loan. This is fine as long as the property increases in value, as you'll still make a profit when you sell. If it doesn't, you will be in a tricky spot. Paying cash means you own the property outright as soon as you complete on the purchase.
- If you pay cash for a property you will make more profit from your rental income because the rent payments don't have to cover the cost of the mortgage re-payment.
- Lenders may place restrictions on you when you purchase a property with finance. For example, you won't usually be able to move back in. When you pay cash, you can do whatever you like, within reason.
- Paying cash means you won't lose your investment if you run into cash flow difficulties. If you can't resolve your financial issues, all you have to

do is sell the property. Even if it makes less than what you paid for it, it isn't a disaster, as you don't need to worry about negative equity.

- Landlords paying cash for investment properties usually have smaller portfolios, which is easier to manage. This is a good thing if you are not terribly experienced.

The Cons

- You need a significant sum of money to buy a property outright.
- Property is an illiquid investment and releasing the cash might take a while. Not a problem if you have all the time in the world to find a suitable buyer, but if all your spare money is tied up in bricks and mortar, what happens if you run into major cash flow difficulties? At best you will probably need to sell the property at a below market price to access your cash as quickly as possible, and at worst, your creditors might seize your asset (i.e. the property) to settle your debt.
- You can't utilise the power of leverage when you pay cash, so it's harder to build a diverse portfolio. This is the main reason why serious investors use mortgage funding to build their portfolio.

Paying cash vs. taking out a buy to let mortgage is not a straight forward decision. You need to consider all aspects, especially whether you can afford to tie up your cash or you are eligible for a landlord mortgage.

It's a sensible idea to speak to a financial advisor or accountant before you make a final decision. The points we have covered are only meant to provide some food for thought. Your financial situation is unlikely to be the same as someone else's, so seeking personalised advice is sensible.

Buying a Property with Tenants in Situ

Selling a property with a tenant in situ is not that unusual. These type of properties tend to appeal to more experienced landlords. There are several distinct advantages to the arrangement.

What is a Sitting Tenant?

A sitting tenant, or tenant in situ, is a tenant already renting the property, who will remain in place when ownership is switched from the previous landlord to the buyer. Some landlords decide to sell with a tenant in situ because they want to leave the sector quickly and don't have time to go through eviction proceedings. Some have a good relationship with the tenant and don't want to disrupt their living arrangement by leaving the sector.

The Pros and Cons of Sitting Tenants

Pros

- Properties with sitting tenants are usually cheaper because they are a bit more difficult to sell and appeal to fewer buyers
- As the property is already tenanted, you'll receive rent from day 1
- There's no need to look for a tenant
- The property probably won't require refurbishing or too much in the way of maintenance

Cons

- Most lenders will not finance a property with a sitting tenant, as they are considered a risk – you'll probably need to find a specialist lender, so it's best to work with a broker

- The previous landlord may have cut corners, leaving you with some unexpected bills when you take ownership, so it is important to take a good look at the property and get an in-depth survey
- There's no guarantee the landlord has done in depth screening on the tenant or protected the tenants deposit or complied with any other rules and regulations etc.
- It can be difficult and expensive to evict a sitting tenant; If you're buying the property with plans to remove the tenant in future you should check the status of their tenancy agreement before you commit to buying the property.

Things to be Aware of

Buying a property with a tenant in situ is not as straightforward as buying a property with vacant possession. It is best to use an experienced conveyancing solicitor for this type of transaction, so you are not caught out by anything untoward.

There are several key things that must be verified before you buy the property. These include:

- Is the property licenced? Some rental properties must be licenced, specifically HMOs. Not all landlords licence their property. Some do not know it is necessary. Do check whether the property needs to be licenced. And if it does, ask for the details of the licence. If the landlord hasn't applied for a licence, you might ask yourself what else they have neglected to do?
- Are there any restrictions on who you can let the property to? For example, in some areas, new HMOs might be banned in an area of high-

density HMOs. This prevents you from converting a single-family dwelling into a shared house.

- Does the property have a valid EPC? An EPC tells you how energy efficient the property is. The seller should have given one to the tenant; one is also needed before the property is sold.
- Has a gas safety check been carried out in the last 12 months? Gas appliances must be tested annually. If the seller can't produce a recent gas safety certificate for the property, they may have neglected other safety measures.
- Are fire safety measures in place and when were they last checked? There should be a working smoke alarm/CO detector, among other things.
- Does the property have a current Electrical Installation Condition Report (EICR) and is it satisfactory? Dodgy wiring is a major fire risk.
- Have portable appliances been tested? This is relevant if small appliances are included in the sale.
- Has a Legionnaires' Disease risk assessment been carried out?
- Was the tenant given a copy of the 'How to Rent' guide from the Department for Communities and Local Government?
- Is the property furnished and if so, are the furnishings fire-rated according to British Standards guidelines? Look for display labelling on sofas and other upholstery items.
- Was there a property inventory carried out at the start of the tenancy? Property inventories are often forgotten about, but you need to know what's included in the property before you take over the tenancy and what state the property was in prior to it being let. Ask for a property inventory to be carried out if there isn't one.

- Was the tenant's deposit registered and placed in a government-approved scheme? When you buy a property with a tenant in situ, you'll need to come to an arrangement with the seller about the transfer of the deposit.
- How long is left on the current tenancy agreement? If the tenancy is due to expire in the next few months, it might be worth hanging fire and waiting for vacant possession.
- How much rent does the tenant pay and who actually makes the payment? In some tenancies, the rent is paid by a third-party rather than the actual tenant, for example, a family member. You need to know exactly how much the tenant pays in rent. Make sure the figure the landlord gives you matches what the tenant tells you. If there is a discrepancy between the two, find out why.

It's up to you and your solicitor to do due diligence checks. Don't just take the landlord's word for it – do your own investigating. Verify there are no verbal agreements in place between the current landlord and the tenant, such as reduced rent in return for a cash payment each month. The seller's solicitor may not be aware of any verbal arrangements, so chat with the tenant to ensure you're not blindsided by any off-contract agreements late in the day.

Is the Property Profitable?

A property sold with a tenant in situ is normally marketed at a lower price to reflect the extra risk involved. You still need to do the maths to make sure the property can generate an appropriate rental yield.

Look at how much rent the tenant is currently paying and factor in the cost of any renovation work that may need doing. For example, if the boiler is old, it will probably have to be replaced in the next 12-18 months.

Make sure your return on investment is sufficient to outweigh the extra risk of buying a tenanted property.

Viewing the Property

Not viewing a property with a tenant in situ before you buy is a bad idea. Video tours and brochures don't give you the full picture. You need to see the property up close and personal.

A first viewing gives you a good idea of the size of the property and its general condition. A second viewing lets you look beyond the superficial to see whether there are any problems you need to know about, such as rising damp, faulty electrics, or a rodent infestation.

Pay close attention to the state of the property. It's a good idea to view the property shortly before completion, to make sure its condition hasn't massively deteriorated while your solicitor has been working hard on contractual stuff.

Make sure the property is safe and meets all legislative requirements from a health & safety perspective. Pay attention to any maintenance issues, as these will become your problem once the purchase has been completed.

Organising Viewings

Tenants must be given 24-hours' notice in writing before a viewing can take place. Note that some tenancy agreements don't allow viewings without the tenant's permission. You'll need to liaise with the seller on this point.

Be respectful of the tenant when asking to view the property, organising a survey or other checks. Make allowances for the fact this is still their home and you want to protect a future working relationship with them.

Speak to the Tenant

It’s in your interest to talk to the tenant prior to the completion of the purchase. An informal chat is a good opportunity to find out more about them, such as what their future plans are, i.e. are they hoping to stay in the property for the foreseeable future or move on in 12 months’ time.

This is when you can cross-check what the landlord told you against what the tenant says, in case there are any discrepancies.

Tenant Checks

When buying a property with a tenant in situ, it is customary for the conveyancing solicitor to carry out checks on the tenants. These should include the same things you would normally do if you took on a new tenant, i.e. credit check, employment check, and previous landlord references. This is partly why you need a commercial solicitor to handle the transaction, as a residential conveyancing solicitor won’t have the right experience.

Check whether the landlord selling the property has ever served any notices on the tenant. Ask for copies of any correspondence between the landlord and tenant. This should highlight any disagreements or unresolved maintenance issues.

Tenancy Agreements

The seller or the seller’s letting agent should provide details of the tenancy agreement during the conveyancing process. This includes when the tenancy agreement was created, the status of the tenants, and the status of the deposit.

Verify there are no other people living in the property, people who might not be named on the tenancy agreement. These could include partners of the named person or extended family members.

Are there any break clauses in the tenancy agreement? You might need to invoke one if it doesn't work out as expected.

An existing tenancy agreement is still valid after the property handover, even though the former landlord is named on it. The tenant must be given the new landlord's contact details – more on that below.

Deposits

As already mentioned, the transfer of the deposit is something the conveyancing solicitor normally handles. The exact protocol will depend on the deposit protection scheme used by the seller. There may not be much to do other than notify the deposit scheme of a change in ownership – unless you want to transfer the deposit to a different scheme.

The Tenancy Deposit Scheme (TDS) explains what happens when a property is sold in the middle of a tenancy – click here for details.

Handover Day

The simplest way to finalise the purchase is to arrange for the completion day to fall on a day when the rent is due. This negates the need for any rent to be apportioned between the seller and the buyer – and generally makes everyone's life easier. If this is not possible for any reason, arrangements can be put in place to transfer funds to the buyer for any rent paid in advance, or vice versa.

Arrangements must be made for the future rent to be collected by the seller. If you are retaining the same letting agent, you may not need to change the payment arrangements. Do make sure the property handover is recorded by the letting agent, so rental payments are not inadvertently sent to the previous landlord!

If you plan on managing the property yourself, a letter of authority from the seller is needed, asking the tenant to pay rent to the buyer after the handover date.

A Section 48 notice must be served to inform the sitting tenant the property has been legally transferred to a new buyer, as per Section 3 of the Landlord and Tenant Act 1985. If this is not done, you won't be able to claim for any future rent arrears, property damage, and service charges, as any court case isn't enforceable:

(1) A landlord of premises to which this Part applies [all residential lettings] shall by notice furnish the tenant with an address in England and Wales at which notices (including notices in proceedings) may be served on him by the tenant.

(2) Where a landlord of any such premises fails to comply with subsection (1), any rent or service charge otherwise due from the tenant to the landlord shall (subject to subsection 3 below) be treated for all purposes as not being due from the tenant to the landlord at any time before the landlord does comply with that subsection.

Start off on the Right Foot

Once the property is officially yours, contact the tenant to inform and reassure them. They may be a bit nervous about dealing with a new landlord. At this point you want to begin a good strong mutual relationship with the tenant.

Reassure the tenant their deposit is still safe, and they will get it back if they choose to leave, assuming there is no damage.

If you have plans to make improvements, such as fit a new kitchen or install replacement windows, let the tenant know. It is good to let tenants know if there are any changes to be made to the property and tenants are always keen to know that their landlords are invested in the maintenance of the property.

What Rights Does a Sitting Tenant Have?

Sitting tenants have more rights than other tenants, which is why properties with a tenant in situ are often sold at a significant discount to reflect the extra risk involved.

Landlords usually take ownership of an existing Assured Shorthold Tenancy agreement when they buy a property with a sitting tenant. Under an AST, landlords can evict using Section 21 or Section 8 notice. It is harder to evict a sitting tenant.

Sitting tenants are protected under the Rent Act 1977. If it can be proved they moved into the property before 27 February 1997, 'no-fault' Section 21 notices cannot be used to evict the tenant.

The only way to evict such a tenant is if they fall into rent arrears or you can provide them with other accommodation – which must be suitable. There are some discretionary areas, such as when a sitting tenant has breached the terms of their tenancy agreement or sub-let the property.

If a tenancy dates back pre-1989, the sitting tenant has security of tenure – which is the true meaning of 'sitting tenant'. In a 'secure tenancy', Section 21 notices do not apply. It's extremely difficult to evict these tenants.

This is a complicated area of law and if you do wish to evict a sitting tenant, consult a specialist solicitor for advice.

When you take on a sitting tenant with a regulated tenancy pre-dating 1989, you can't immediately increase the rent, protected tenants have the right to pay a 'fair rent'. You can review the rent every two years – or sooner if significant improvements have been made to the property – but rent reviews must be carried out by a rent officer.

Your solicitor should check all this before you complete on the purchase, which is another good reason to use an experienced one!

At first glance, properties for sale with a sitting tenant might seem like an absolute bargain due to the below market price but be wary of the extra work and due diligence involved with purchasing such a property.

A Guide to Different Types of Tenancy

A tenancy agreement is a contract between the landlord and the tenant. It sets out in writing all the terms and conditions of the tenancy. This includes how long the tenancy will last, how much rent the landlord expects the tenant to pay, and when these payments are due. Like any other contract, it is legally binding, and if either party breaches the contract, there are consequences.

Not having a tenancy agreement won't protect you. As soon as a tenant pays you rent, a tenancy is deemed to have been created under the Law of Property Act 1925. There are some exceptions, such as arrangements made with family.

The main problem with not giving the tenant a tenancy agreement is that you can't prove what terms you both agreed to.

A lack of tenancy agreement does not exempt a landlord from their statutory duties, and you can't ask for a deposit if you don't provide a tenancy agreement.

If the landlord doesn't provide a tenancy agreement, it can also cause problems for a tenant, for instance, tenants without a tenancy agreement can't claim Housing Benefit.

There are several different types of tenancy agreement landlords can choose from. In this section we will be covering the following types of tenancy:

- Assured Tenancy
- Assured Shorthold Tenancy
- Non-assured Tenancy

- Excluded Tenancy
- Company Let
- Regulated tenancy

Assured Tenancy

An Assured Tenancy (AT) offers more security than other types of tenancies. Housing associations usually give their tenants an AT agreement once an initial starter period has expired, as this type of tenancy affords the tenant more rights. For it to be an assured tenancy, certain things must apply:

- The tenant must occupy the property as their only or main residence.
- The tenant must be an individual, not a company.

Assured tenancies can apply to shared houses, but each tenant must have their own bedroom.

There are three types of assured tenancy:

- Fixed term – typically for six or 12 months.
- Periodic tenancy – the tenancy rolls on for an indefinite period.
- Statutory periodic tenancy whereby the initial fixed term has ended and the landlord hasn't agreed to a new fixed term with the tenant.

Tenants in the private sector who moved in between 1989 and 1997 may be on an Assured Tenancy. If this is the case, you won't be able to evict a tenant using a Section 21 notice.

If a tenant with an AT agreement breaks the terms of their tenancy, they automatically lose their 'assured' status. Reasons for this happening include illegally sub-letting the property to a third-party or engaging in criminal activities at the property.

Assured Shorthold Tenancy

An Assured Shorthold Tenancy (AST) is the most common type of tenancy in the UK. They were introduced in the Housing Act 1988 to grant landlords the automatic right of possession and to allow them to set market rents with limited controls. A tenancy is automatically an AST unless it is explicitly stated otherwise.

Most private tenancies that began after 27 February 1997 are ASTs, even when tenants live in an HMO. The main difference between an AST and the other types of tenancy on this list is that with other types of tenancy there is limited security of tenure and landlords can evict tenants without a reason, although the correct procedure must be followed for it to be legal.

Everything that applies to Assured Tenancies is applicable to ASTs.

As with ATs, ASTs can be fixed term or periodic (rolling on a weekly or monthly basis). The most common fixed term tenancy is a 6-month or 12-month AST contract. Periodic tenancies can be created at the outset or become so once a fixed term has ended. Landlords are free to create new fixed term ASTs with tenants at any time.

Landlords can't increase the rent during the fixed term period unless there is a rent review clause in the tenancy agreement, or the tenant agrees to a rent increase.

Once a fixed term ends, an AST automatically becomes a rolling monthly contract unless the tenant signs a new fixed term contract.

When Does an AST not Apply?

Landlords can't use an AST if the following apply:

- The tenant is a lodger

- The rent is more than £100k a year
- The rent is less than £1k a year in London or £250 outside of London
- The property is commercial
- The property is a holiday rental

A Landlord's Obligations Under an AST

If you give a tenant an Assured Shorthold Tenancy agreement, you must do the following:

- Protect the tenant's deposit in a government-approved scheme
- Give the tenant a copy of the property's Energy Performance Certificate (EPC)
- Provide a copy of a recent gas safety certificate and organise an annual check of gas appliances
- For tenancies that started after October 2015, the tenant must be given a copy of the government's How to Rent Guide
- Follow the correct eviction protocols if you want to regain possession of the property
- Carry out repairs to the property as and when they are needed

Evicting a Tenant on an AST

Landlords can evict a tenant with an AST via two means: Section 21 and Section 8.

A Section 21 notice is a no-fault eviction; you don't need to give your tenants a reason for asking them to leave. Since 29 August 2020, landlords must give a minimum of six months' notice when issuing a Section 21 notice. If the tenant refuses to leave, you can apply to the court to have them evicted.

Section 8 notices can be served if the tenant is in at least six months' rent arrears or has breached their tenancy agreement in a different way.

In most cases, landlords must give the tenant at least six months' notice (as above), but if the tenant hasn't paid the rent for six months or more, the landlord only needs to give them four weeks' notice. In the case of antisocial behaviour, you may not need to give any notice – but verify this first.

Landlords can't apply to the court to evict a tenant until the notice period has expired and the tenant still hasn't left.

Non-assured Tenancy

Non-Assured tenancies are sometimes used when an AST can't be used, such as in the following scenarios:

- The landlord is charging a peppercorn rent of less than £250 a year
- The landlord shares the property with the tenant (but not the facilities, e.g. the tenant lives in a self-contained annexe)
- The tenant only uses the property part-time, as they have a main home somewhere else

Excluded Tenancy

An Excluded Tenancy (ET) typically applies to lodgers and sub-tenants living with the landlord and sharing the facilities, such as a kitchen and bathroom. Tenants with an excluded tenancy don't have the same protections as those on an AST.

Excluded tenancies can be fixed or periodic. Landlords can't evict a tenant during the fixed term period. Once the fixed term has ended or the ET is a periodic one, the landlord must give the tenant the same notice as their rent period, e.g., one month if the rent is paid monthly.

A landlord doesn't need a court order to evict an ET tenant, although they might need one if the tenant refuses to leave after the end of the fixed term or notice period. Landlords are within their rights to evict an ET tenant by changing the locks while they are out, but they must not use force as this is a criminal offence.

Tenants on an ET agreement are liable for the rent if they choose to leave within the fixed term period unless the landlord agrees to 'surrender' the tenancy early.

The Citizen's Advice Bureau (CAB) has more information on the rights of sub-tenants with an ET.

Unlawful Sub-letting

Note that there are circumstances where sub-letting is unlawful. If you are considering sub-letting a room in your rental home or even the entire property to someone, check the terms of your own tenancy agreement first. Many landlords expressly forbid sub-letting. If you decide to go ahead anyway, you will be in breach of your tenancy agreement – which could lead to you being evicted.

Even if the property belongs to you, you may need to tell the lender if you have a mortgage on it. Many lenders insist on being notified if a homeowner takes in a lodger while the property is covered by a residential mortgage. You may have to re-mortgage or switch to a new lender that allows sub-letting.

Company Let

Company lets are where the landlord lets a property to a company rather than an individual. It is a non-assured tenancy agreement and is not subject to the same rules as an AST. If you let a property to an incorporated company, you don't need to protect the deposit and if you want to evict the tenant, you serve a 'notice to quit', not a Section 21 or Section 8 notice. The ban on charging fees doesn't apply and you don't have to protect the tenant's deposit.

This type of tenancy is used for lets where a company rents a property for its employees. It's more often found in cities like London where there are a large number of people working for UK-based finance, IT, and telecoms corporations.

With a company let, the company is responsible for meeting the financial obligations under the terms of the lease, rather than the individual living in the property.

Company lets can be advantageous for a landlord, as many larger companies prefer to make advance rental payments, sometimes 2-3 years in one payment. In return, they will expect a discount on the rent. Rents are normally paid quarterly.

Most companies will want a break clause added to a company let agreement. This protects them (and you) if circumstances change.

Regulated Tenancy

Regulated tenancies have not been in common use since 1989. A Regulated Tenancy (RT) was a long-term tenancy where tenants were entitled to pay a "fair" rent, which was set by the Valuation Office Agency (VOA) rather than the landlord.

Choosing the Right Tenancy Agreement

In the vast majority of cases, an assured shorthold tenancy is the right contract for a tenant renting your property to be their permanent home, whether it's a room in a shared house or the entire property. The main exception applicable to some landlords is when the tenant is a lodger and they share the landlord's facilities.

If you are not sure which tenancy agreement is right for your situation, This set of questions from Landlord Law will help you select the right one. There is also an option to create a tenancy agreement, but this is only accessible for Landlord Law members.

Creating a Tenancy Agreement

As we mentioned at the beginning of this section, verbally agreeing to rent a property to a tenant and handing over the keys is creating a tenancy agreement. It might not be written down on paper, but it exists all the same – and both the landlord and tenant automatically have rights.

Whilst a verbal tenancy agreement is simple, it's definitely not the best way to run a business. Instead, it is advisable to have an actual tenancy agreement drawn up, which contains all the clauses you need to protect both your investment and your tenant.

There are downloadable boiler-plate tenant contracts available online – here's an example . If you go down this route, make sure you actually read the contract first, as it may not contain the clauses you need. If you use Landlord Vision you can also take advantage of a suite of legal documents including tenancy agreements inside the software.

Don't be tempted to draft your own tenancy agreement, complete with crazy and unenforceable clauses – it is unlikely to stand up in court.

If you use a letting agent, they will draw up a tenancy agreement for you. Check this before it is sent to the tenant to ensure it is tailored to your needs.

Online letting agents offer tenant sign-up services that include sorting out a tenancy agreement. This service will be cheaper than the same service offered by a high street letting agent, so if all you need is someone to set up a tenancy for you, it is a cost-effective solution.

A final alternative is to hire a property lawyer to draw up a tenancy agreement for you. It is a more expensive option, but for high-end properties or unique scenarios, it could be money well spent.

Right to Rent Legislation for Landlords

Landlords in England are required by law to ensure that their tenants have the right to reside in the UK before providing rented accommodation. It is imperative that, prior to letting a property, landlords verify the immigration status of each and every adult proposing to occupy the property.

In essence, the Right to Rent Scheme provides a framework for landlords to ensure that tenants have the legal right to rent a property in the UK. The checks themselves should be a relatively simple component of any new tenancy. However, landlords who do not adhere to the rules may rue the day, failure to comply can result in fines of up to £3,000 per tenant or even imprisonment.

What is the Right to Rent Scheme?

As implied by its name, the Right to Rent Scheme requires that landlords confirm that all prospective tenants have the right to rent in the UK. Applicants that are disqualified from renting in the UK are not permitted to occupy a rental property. The scheme instructs landlords to obtain, check and record the required documentation of all adults proposing to occupy their property. Such checks are necessary to verify both the identity of tenants and their immigration status.

Right to rent checks are only applicable for tenancies operating in England. Landlords operating elsewhere in the United Kingdom are not bound by the same legislation.

A Background on Right to Rent

The Right to Rent Scheme was introduced as part of the Immigration Act 2014, with the intention of creating a fairer and more effective immigration system. James Brokenshire, the Immigration Minister at the time, argued that the checks were designed to be a quick and simple addition to the lettings procedure. The subsequent Immigration Act of 2016 added to the legislation, making it a criminal offense to knowingly let to a person who is disqualified from renting a property.

The scheme aims to add an additional deterrent to people illegally residing in the UK, without adversely effecting people who have a legitimate right to rent. However, the introduction of right to rent has not been without controversy. The High Court described the legislation as being 'incompatible with human rights law'. Mr Justice Spencer described the scheme as "not merely providing [landlords] the occasion or opportunity to discriminate, but causing them to do so where otherwise they would not".

A report by The Joint Council for the Welfare of Immigrants found that over half of landlords surveyed believed the scheme would make them less likely to consider letting to a foreign national. Despite this, the government maintains that right to rent legislation provides a best practice for landlords and highlights that any corresponding discrimination is, and will continue to be, illegal.

Right to Rent Discrimination Concerns

Whilst it can be argued that right to rent legislation has been introduced with legitimate and fair intentions, it has created the potential for an additional layer of moral hazard for landlords. When letting a property in England, landlords now have the legal responsibility to check an applicant's immigration status whilst ensuring that they avoid unlawful discrimination against would-be tenants.

Under the Equality Act of 2010, landlords are prohibited from engaging in discrimination, harassment and victimisation when letting out or managing a property. Landlords may not discriminate against tenants on the basis of the following characteristics:

- Race
- Sex
- Sexual orientation
- Religion or belief
- Gender reassignment
- Pregnancy and maternity

It should go without saying; however, landlords cannot pick and choose who they conduct right to rent checks on. It is important to ensure that all prospective tenants are treated equally and that no assumptions are made about their immigration status. Landlords who are inconsistent with the application of right to rent checks could find themselves running afoul of both the Immigration Act 2014 and the Equality Act 2010.

Who has the Right to Rent in the UK?

Prospective tenants have the right to rent a residential property in the UK if any of the following apply to them:

- They are a British citizen.
- They have permission to be in the UK, including both work and student visas.
- They have indefinite leave to remain in the UK or have settled status.
- They are considered to have a refugee status or have humanitarian protection
- The Home Office has granted a time-limited right to rent.

If a tenant has documentation which indicates they meet one or more of these criteria, they can be deemed as having the right to rent in the UK.

When Are Right to Rent Checks Applicable?

Right to rent checks must be conducted on all adults prior to the start of a tenancy. The checks apply to any person living in the property, whether they are named on the tenancy agreement or not. It is important to note that the checks are still required, even if letting to a family or friend.

Should a tenant sub-let a property in exchange for rent, they then become a landlord in their own right and are responsible for conducting right to rent checks on any person whom they sub-let to. This is also the case for homeowners who rent out part or all of their main home to lodgers in return for payment.

Right to Rent Checks When Using a Letting Agent

Although landlords are required to ensure that right to rent checks are carried out, it is not a requirement that landlords conduct the checks themselves. Letting agents and third parties can be used to conduct right to rent checks on a landlord's behalf.

Landlords who rely on letting agents to conduct right to rent checks should ensure that they have a written agreement acknowledging this. It is important to have written evidence highlighting the agent's responsibility to conduct such checks within the legal timeframes. When this is the case, the liability for compliance passes onto the agent.

When Do Right to Rent Checks Need to be Carried Out?

Right to rent checks must be carried out prior to entering into a tenancy agreement with a prospective tenant. Any adult over the age of 18 who will be occupying the property must be checked, whether they are named on the tenancy or not.

Where a prospective tenant has a time-limited right to rent, the checks must be carried out no sooner than 28 days before the start of the tenancy. It is also important to schedule a follow-up check in cases where a tenant's time-limited right to rent expires whilst still occupying the property.

How To Conduct a Manual Right to Rent Check?

A prospective tenant's right to rent can be checked using one of two possible routes, either through manual checks or through using the Home Office's online checking service. Manual right to rent checks are by far the most prevalent of the two, being more universal and inherently simpler. The manual process can be split into three main steps:

- Obtain

- Check
- Record

Firstly, landlords must obtain the original documentation of all adults proposing to occupy the property. Scanned copies or photos of the originals are not deemed to be sufficient, so it is important to physically check the original documents in person. Although exceptions were made during the Coronavirus pandemic.

Secondly, the documents must be checked in the presence of the prospective tenants. Landlords and letting agents are expected to ensure that:

- The documents appear genuine.
- The documents have not been tampered with.
- The prospective tenant is present when the checks are being carried out.
- The prospective tenant is the rightful holder of the documents provided.
- The photographs and dates of birth are consistent across documents and that the persons appearance is consistent, so to detect impersonation
- Immigration rights to enter or remain in the UK have not expired

Where there may be variation between the documents, a sufficient reason needs to be provided. The reasoning must also include supporting documentation and evidence.

Finally, landlords must ensure that they keep a record of the checks being carried out. The scheme requires landlords to produce clear copies of each document and store them in an unalterable format. The date that each document was checked must also be recorded and landlords are required to store this information securely until at least 12 months after the end of the tenancy.

The Home Office highlights that landlords must retain copies of the following:

Passports – any page with:

- The document expiry date
- The holder's nationality
- The date of birth
- Signatures
- UK immigration leave expiry date
- Biometric details
- Photograph
- Any page containing information indicating the holder has an entitlement to enter or remain in the UK

All other documents – the documents in full and copy both sides of:

- Biometric Residence Permit
- Application Registration Card
- Biometric Residence Card

List of Acceptable Documents for Manual Right to Rent:

The Home Office has produced a detailed list of the acceptable types of documents which can be considered during right to rent checks. The documents can be broken down into those which evidence an unlimited right to rent (List A) and those which demonstrate a time-limited right to rent (List B).

Landlords seeking to clarify what documents are acceptable or not can check the Home Office website which includes a 'users guide'. Examples of common documents which may be requested by landlords include:

- UK passport
- Driver's license
- A certificate of registration or naturalisation as a British citizen

How to Conduct an Online Right to Rent Check

Since the 25th of November 2020, landlords have been able to conduct right to rent checks using an online service. Unfortunately, this service only works for cases where a tenant has an immigration status which can be checked online. This would include:

- non-UK citizens with a current biometric resident permit or card
- EEA citizens and their family members with status granted under the EU Settlement Scheme
- those with status under the points-based immigration system.
- British National Overseas (BNO) visa
- Frontier workers permit

This service relies on individuals first viewing their own Home Office right to rent record. They can then choose to share the information with landlords by providing a share code. The share code, when included alongside a prospective tenant's date of birth, can provide landlords with access to the individual's right to rent information. As this is provided in real time by the home office, it negates the need for landlords to check the details in person.

Whilst this service may be helpful in some circumstances, in most cases the manual right to rent checks may be an easier route. Equally, whilst landlords can encourage prospective tenants to use the online service, it is not possible to insist that a person proves their right to rent in this manner.

Frequently Asked Questions About Right to Rent:

Q: *What if you Have Bought a Property with a Sitting Tenancy?*

A: Landlords who have bought a property with a sitting tenant are required to confirm that right to rent checks have been carried out. It is important to request and keep evidence that a check was conducted and to determine whether follow up checks are required for tenants with a time-limited right to rent.

Q: *What if you are Letting the Property to a Family Member or Close Friend?*

A: Landlords are required to conduct checks on all adults residing at a property. This is irrespective of personal circumstance. Even if the would-be tenants are family or close friends, landlords are legally obligated to conduct right to rent checks.

Q: *Do you Need to Check the Right to Rent of Children?*

A: The Right to Rent Scheme does not apply to children. Landlords do not need to conduct a right to rent check on children so long as they are satisfied that the children are under the age of 18 when the tenancy begins.

Q: *Are Holiday Lets Included Under the Right to Rent Scheme?*

A: It is not necessary to conduct right to rent checks on holiday lets. So long as the letting is for a short, time-limited period and the tenants intend to use the premises for leisure related purposes, then right to rent does not apply.

Q: What if a Prospective Tenant is Unable to Provide ID or Sufficient Evidence of their Right to Rent During a Manual Check?

A: Where there is doubt or insufficient evidence to ascertain a prospective tenants right to rent, landlords can make a request to the Landlord Checking Service.

Q: What if a Tenant Fails the Right to Rent Check?

A: A landlord cannot let a property legally to anyone who fails a right to rent check. If a landlord discovers that tenants are not legally permitted to rent, they will be sent a disqualification notice from The Home Office and must take steps to end the tenancy.

Q: How are Landlords Expected to Verify Documents?

A: Landlords are not expected to have an extensive understanding of each and every form of valid identification. Instead, the Home Office requires that landlords attempt to verify documents to the best of their abilities. Obvious inconsistencies such as differing dates or signs of tampering should be noted and queried. Equally, landlords are expected to check the date of any documents in case of expiry.

Q: Are Landlords Obliged to Accept all Forms of Identification?

A: Throughout the world there are thousands of different forms of ID, many of which vary in their usefulness. If they wish, landlords can require that prospective tenants provide their passport as proof of ID. There are no laws or rules which prevent landlords from doing this. The only consideration is that such a requirement must be consistent across all applicants and cannot specify or favour a single nationality.

Q: What if a Current Tenant is Disqualified from Renting?

A: If a landlord becomes aware that a tenant's right to rent has expired, they are required to inform the Home Office immediately. The Home Office website includes a disclosure form for scenarios such as this and will request information about the tenant, landlord and property. Landlords are expected to take reasonable steps to evict the disqualified tenant from the property.

Government Approved Deposit Schemes an Overview

Most landlords ask tenants to pay a deposit when they move into a rental property. A deposit gives the landlord a measure of security in case the tenant causes damage to the property or leaves without paying the rent.

If a tenant on an assured shorthold tenancy pays a deposit, it must be protected in a government-approved scheme. If a landlord doesn't do this, the tenant can take court action to have their deposit repaid to them. The court can order a landlord to repay up to 3X the amount of the original deposit. Not protecting a deposit also means a landlord can't evict a tenant using a Section 21 notice.

Now that we've established that not protecting a tenant's deposit is a seriously bad idea, let's take a look at the three government-approved deposit schemes.

Deposit Protection Service

The Deposit Protection Service (DPS) has been around since 2007. It's the largest deposit protection scheme in the UK, holding more than 7 million tenant deposits. The DPS offers two deposit protection services, one of them free.

It's very easy to set up a DPS account: all you need to do is provide an email address and create a password. You will also be asked to answer some security questions, so the DPS can validate your identity at a later date. You're free to create an account at any time.

Custodial Scheme

The Custodial deposit protection service is free to use and you can protect as many deposits as you like. This scheme is the most popular. The DPS holds your tenant's deposit and then repays them when the tenancy ends.

Simply create an account, add the details of the tenancy, and pay in the deposit. The DPS will then prepare the prescribed information for you to pass along to your tenants.

A free Custodial account with the DPS gives you access to free training, free dispute resolution, and the latest DPS Rent Index, so you can track tenant trends and make more informed decisions about your buy to let business.

Once you have created a Custodial account, you can add a property to your account. This can be done even if the property has not yet been let to a tenant; it means you have everything set up and ready to go as soon as the tenant pays you their deposit.

You'll need the name and title for each tenant listed in the tenancy agreement, contact details, the rent amount, when the tenancy starts and how long it is for, and the deposit amount. Information can be added as and when you receive it, but the application can't be completed until all of the information has been added to your account.

When you receive the tenant's deposit, simply transfer it to the DPS. Bank transfer is the fastest way to do this, but if you would rather use a different method, contact the DPS's customer service.

Insured Scheme

The Insured scheme lets you hang on to the tenant's deposit while paying insurance to protect it for as long as the tenancy lasts. This costs £9.50 per month.

When you create an Insured account, the DPS will send you a direct debit mandate.

To be eligible to use the Insured scheme, you must have Client Money Protection (CMP) in place via one of several CMP providers, including:

- Propertymark
- Client Money Protect
- Money Shield
- Safeagent

The Insured scheme is more applicable to letting agents and larger corporate landlords with many properties in their portfolio.

Dispute Resolution

The DPS offers a free dispute resolution service if landlords and tenants can't agree on the deposit being returned at the end of a tenancy. The service is easy to use and is a much better solution than pursuing a claim through the courts.

Landlords submit their evidence in support of a claim, for example, photos of damage and estimates to put it right. Tenants can then provide their own evidence to support their position.

All evidence is sent to an independent adjudicator. They'll review everything and make a decision about how the deposit must be repaid. The final decision is then sent to the landlord and their tenant.

If you use the Custodial deposit protection service, you and the tenant have 14 days to submit your evidence once you start the adjudication process. The adjudicator has 28 days to reach a decision. A decision is final and binding, but you are free to come to a mutually agreeable solution before the adjudicator has ruled.

MyDeposits

MyDeposits has been protecting deposits since 2007. It's part of a wider network of organisations that help and protect landlords, letting agents, and tenants. This includes Total Landlord Insurance and The Property Redress Scheme. MyDeposits is run by Hamilton Fraser, a buy to let insurance expert.

MyDeposits also has a dedicated MyDeposits Wales page. This helps landlords and letting agents stay compliant with Rent Smart Wales and the Renting Homes Act 2016.

MyDeposits for Professional Landlord Businesses

Any type of landlord can use MyDeposits, including professional landlords with large portfolios. There is a bulk deposit upload feature, which allows larger landlords to protect multiple deposits at once. This helps to reduce property admin. This streamlined system is especially helpful when you are managing student properties and a large number of tenants are moving in and out at once.

MyDeposits has a business development team for larger landlords. You'll be assigned a named contact and have access to high-level account reports. There is also face-to-face training and support available. MyDeposits can be integrated with landlord software for automatic deposit protection.

Tailored pricing and flexible PAYG membership are available for business users; contact the Business Development Team for more information.

To use MyDeposits, you need to set up a member's account. Next, decide whether you want to use the free Custodial service or the paid-for Insured scheme. Once a tenant pays a deposit, you have 30 days to protect the deposit, provide details about the tenancy, and give your tenant Prescribed Information about their deposit.

Custodial Scheme

The Custodial scheme is free to use. All you need to do is sign up for an account, register the deposit, and transfer the money. The online dashboard is easy to use and you can use it to manage your protected deposits and deposit releases.

Deposit money can be transferred to MyDeposits by direct debit, bank transfer, or cheque.

Insured Scheme

The Custodial scheme costs £14 per deposit. The tenant's deposit is held in your own account and MyDeposits offers an insurance-backed guarantee. At the end of the tenancy, it's your responsibility to return the deposit to the tenant.

Once you have protected a tenant's deposit using the Custodial or Insured scheme, MyDeposits creates the legal documents you need to serve to the tenant. This prescribed information tells them where you have protected their deposit and how they can get it back when the tenancy ends.

Your member account will notify you when action needs to be taken, such as protecting a deposit when a tenancy is extended.

If you Need Help

MyDeposits has an in-house call centre if you need help with deposit protection. There is also an FAQ and Resource Centre, where landlords can find information on a range of topics. This includes dispute resolution, rent arrears, and ending a tenancy early.

Dispute Resolution

Tenants and landlords don't always agree about deposit deductions at the end of a tenancy. MyDeposits provides a free and impartial dispute resolution service for landlords and tenants, to help you solve a dispute without the hassle and expense of taking legal action.

If your tenant agrees, you can withhold part of a deposit when a tenant moves out. You don't need to notify MyDeposits. If the tenant doesn't agree, you can use the dispute resolution service to help you both resolve the issue. MyDeposits say this applies to less than 1% of protected deposits.

The tenant must contact MyDeposits to raise a dispute if they are not happy about some or all of their deposit being withheld at the end of a tenancy. MyDeposits will then investigate. Money not in dispute will be returned. Evidence must be provided by both parties. An independent adjudicator will make a final decision, which is binding. The deposit will then be returned, as per the adjudicator's decision.

You can check the status of any outstanding disputes by logging into your MyDeposits account.

Tenancy Deposit Scheme

The Tenancy Deposit Scheme (TDS) was established in 2003. It is the oldest of the three government-authorised deposit protection services. The TDS is also a non-profit organisation, which sets it apart from the other two. It's backed by the National Residential Landlords Association (NRLA), ARLA Property Mark, and the Royal Institute of Chartered Surveyors (RICS).

The TDS offers deposit protection services in Scotland (SafeDeposits Scotland) and Northern Ireland (TDS Northern Ireland).

Like the other two schemes, the TDS offers two types of deposit protection: Custodial and Insured.

TDS Custodial

If you join the TDS Custodial scheme, you pay the money to the TDS and they look after it for free. All landlords can use this scheme.

TDS Insured

To use the TDS Insured scheme, you must register an independent landlord account. You hold the deposit unless you are involved in an adjudication, in which case, the deposit is sent to the TDS for safeguarding.

The TDS Insured scheme works on a PAYG basis. It costs £17.50 for each registered deposit of less than £500 or £24 for a deposit of £500+. This lasts for the lifetime of the tenancy agreement. A maximum of £25,000 worth of deposits can be protected using the TDS Insured scheme. Proof of property ownership will be required.

Corporate landlords can take advantage of an annual subscription service that runs from 1 April to 31 March. This will be based on how many deposits are protected, following consultation with the TDS insurers.

The joining requirements for both schemes are as follows:

To protect a deposit with TDS Insured for landlords:

- own the rented property to which the Deposit relates;
- be named on the relevant AST agreement as the Landlord;
- be protecting no more than £25,000 of deposits with TDS at one time;
- if protecting as a company, it must be domiciled in the United Kingdom

You must also agree to abide by the rules of the scheme and the rules of adjudication.

To protect a deposit with TDS Custodial:

- own the rented property to which the Deposit relates;
- be named on the relevant AST agreements as the Landlord;
- if protecting a company, it must be domiciled in the United Kingdom

The TDS Despite Resolution Service

The TDS offers a dispute resolution service. If you want to raise a dispute at the end of a tenancy, log into your account if you are using the TDS Custodial service or go to your tenancy summary page if you're using the TDS Insured scheme.

If the tenant refuses to accept a deposit repayment request, the deposit will automatically be subject to the TDS adjudication service. Both parties must agree to use the service. No reply means automatic consent. A decision is normally reached within 28 days. This decision is binding; the deposit will be repaid as per the adjudicator's ruling.

Disputes must be raised within three months of the end of a tenancy if you are using the TDS Insured scheme. There are no time limits if you're using the TDS Custodial scheme.

Evidence will be required if you use the adjudication service. This includes a copy of the tenancy agreement, inventory report, work estimates, receipts, etc. All responses and evidence submittals are done online via the Online Evidence Portal. Your tenant can see any evidence you upload, and you can view theirs here too.

TDS Help and Advice

The TDS has a 'TDS Lounge' area where you can find answers to any questions you might have. There are also templates, guides, case studies, a blog, and more.

The TDS Academy offers training courses and workshops. The TDS Foundation Course covers deposit protection and is aimed at landlords and property managers/administrators. If you're interested in adjudication, the TDS Adjudication Workshop teaches landlords how to 'think' like an adjudicator. TDA training events are listed in a calendar, so you can look ahead to see what's coming.

Which Deposit Protection Service Shall I Choose?

All three schemes offer the same service and if you use the Custodial service, it's always free. Fees for the Insured scheme vary between the three, so depending on how many properties you manage, this is likely to be a factor.

Check out each of the three sites. Look at how they work and how intuitive the online dashboards are. Ask other landlords which scheme they use, and which one they would recommend. Read reviews on Trust Pilot too, as this is a useful barometer of how well a service provider meets customer expectations.

If you try a deposit protection scheme and find it isn't for you, simply move your deposits to a new one.

Legal Resources for Landlords

Life as a landlord means dealing with a lot of red-tape and if you fail to meet your legal requirements, you could end up in court.

Ignorance is no defence in the eyes of the law, so it's important you understand the law as it pertains to your lettings. Equally, it's sensible to know your rights.

There are loads of places where tenants can get legal advice, such as the Citizens Advice Bureau and Shelter, but what about help for landlords?

If you have a legal problem and you're stuck for answers, fear not, we have trawled the web in search of the best legal resources for landlords. Some are free and others are behind a paywall. The best resource for you will probably depend on how serious and/or urgent your issue is.

NRLA

The National Residential Landlords Association – is a good resource for landlords. To access legal support, you'll need to become a member, but members get access to the online library and a telephone advice line, among other things. The library includes links to Acts and Regulations, such as the Antisocial Behaviour Act 2003 and the Electrical Equipment (Safety) Regulations 1994 (SI no.3260) – perfect for a bit of light reading!

Landlord Law

Landlord Law can help landlords and other property management professionals stay within the law. The site offers support, legal resources, and training opportunities for landlords. There are articles, videos, tips pages, documents and forms, legal cases, and more. It's great for new landlords who might be feeling overwhelmed with all the red tape.

To access the content on Landlord Law, you'll need to join. There are two membership tiers: basic and business. If you opt for the business membership, you can take advantage of a free 30-minutes advice call with the site's founder, Tessa Shepperson. Tessa also contributes a legal tip to Landlord Vision's free monthly newsletter!

Landlord Action

Founded by Paul Shamplina, the man from Nightmare Tenants, Slum Landlords, Landlord Action is a well-respected landlord legal advice website. It helps landlords deal with all things housing law-related, including problem tenants, tenant debt, and squatters. The team includes experienced legal professionals with extensive knowledge of the property industry. The site offers general advice, but if you have a problem or need specialist advice, you can instruct their experts.

Lease-advice.org

This government-funded website is useful for landlords who own leasehold properties or are considering buying one. It has sections on leasehold and park homes law and fire safety in leasehold properties. There are lots of advice guides and an FAQ page. You can also book a telephone appointment with a qualified legal expert or fill out an enquiry form if your problem is more complex.

The legal experts on lease-advice.org can't represent you in a court of law, but they can advise you of your legal rights and suggest where to find the most appropriate help. Help is available in several languages, including French, Italian, and Polish.

Property118

Property118 was formed in 2013 to take on the West Bromwich Mortgage Company after they illegally charged landlords too much mortgage interest and threatened to call in loans with only 30-days' notice. Property118 won their case and recovered more than £27million for landlords.

Today, it's been rebranded as The Landlords Union. The site is a very useful resource for landlords. It has a Legal Advice section that covers everything from beneficial ownership and deeds of assurance to evicting tenants and enforcing judgments.

Legalservice.which.co.uk

The legal arm of consumer rights organisation Which? is a handy place to go if you have legal questions or problems. There is a section for landlords with advice on landlord responsibilities. If you need advice on a particular issue, you can call the legal team Monday to Friday, but you'll need to join for a monthly fee. However, you're free to cancel your membership at any time. Other handy resources include template letters.

Thomson Reuters

If you need to research case law, the Thomson Reuters Practical Law website is the place to go. There is a lot of useful information on here pertaining to residential tenancies, including the latest housing law updates.

More in-depth information available covers thorny topics like legal and transactional issues on the grant of an assured shorthold tenancy and an overview of different types of tenancy. Granted, this is not the site for anyone who wants a quick, fun read before breakfast, but if you have an interest in the law or would like a legal letter template, e.g. a lodger agreement, sign up for a 14-day free trial.

Landlord forums

The following sites all have active forums with sections for legal Q&As, where landlords can lurk or post (depending on your needs).

- Landlord Law forum – you must be a member to post on the Landlord Law forum.

- Property Tribes – Sign up to post a legal question
- LandlordZONE – Sign up to post a question
- Property 118 – Join in the discussion on the forum, where you can post or add comments to an existing discussion.
- Moneysaving Expert – MSE has a huge and very popular forum. The House Buying, Renting, and Selling section is the best place to post if you have a legal question or problem. There will likely be a few experts who can assist.

Advice Lines

Sometimes, advice from a random person on a forum won't cut the mustard. If you need specialist advice for your exact situation and you can't find anything that fits on a general legal website, it is time to consult an expert.

Many landlord solicitors offer a free advice line or a free 30-minute consult. You'll receive some advice in the time allowed, which should be enough to help you decide whether it is worth pursuing the matter. Most solicitors will try and sign you up if they think you have a case, but it's better to talk to a few people before you decide.

You could take advantage of the free advice lines or book a consult, or you could join the NRLA and utilise the independent legal advice line for paying members.

Insurance

If you have landlord insurance, be aware that most insurance policies come with legal cover. Check your policy booklet and find out what you're covered for. Often, these will come with a legal advice line as well, so make use of this when you have a problem. After all, you're paying for it!

Landlord Blogs

There are a ton of landlord blogs out there, but if you want some top-notch information on all things legal, visit the Landlord Law blog. We've already covered this site above, along with the membership options, but the good news is – the blog is free, and you'll find plenty of useful posts on there!

Nearly Legal is another useful legal blog for landlords and property professionals. Run by practicing solicitors and barristers, this blog covers everything from unlawful eviction and forfeiture to updates on statute law and landlord licencing. There is a ton of stuff in the blog archives if you have a few hours to kill.

Reddit

Reddit is a valuable resource for landlords. It's easy to get sucked into a bottomless rabbit hole of endless comment threads, but if you have a question, try posting on a relevant sub-reddit and see what advice you are given.

For general advice, check out r/uklandlord, but if you want legal concepts explaining or need more specialist advice, visit r/legaladviceUK. There are often posts from landlords on there.

Quora

Searching for enlightenment on Quora is a bit hit and miss, but if your query isn't time-critical or a life/death situation, it's worth posting a question on there. Some respondents might not be very knowledgeable on the subject. However, some experts like to get involved and earn kudos for answering in a coherent and authoritative manner.

Landlord Vision

Landlord Vision subscribers get access to a full suite of standard legal documents in the software. The documents are created by our partners Net Lawman. They're frequently checked and updated to ensure they are always accurate. If you've recorded all your tenant and property details in the software, these forms will also auto-fill with the information you've entered. What's more, you can also email forms from within the software and get them electronically signed. What's not to like about that?

If you do have a pressing legal issue to resolve, it's always best to speak to a qualified expert. There are free legal advice services available, as discussed above, but if they can't help you, look for a property lawyer with experience in landlord issues and always ask for a breakdown of their fees before you let them take on your case.

Landlord Insurance – What Does it Cover and is it Worth it?

Have you ever read a full insurance policy booklet from cover to cover? You wouldn't be alone if you said no, but you sure wouldn't be in a majority if you said yes.

Insurance is a minefield of legalese, definitions and exclusions. Not understanding your way around these could see you paying for a policy that doesn't adequately cover you, equalling even greater losses should an incident occur.

What is Landlord Insurance?

This is a bit of a misnomer. There isn't just one kind of insurance for landlords, there are actually quite a few. They can cover you for almost any property set up and almost any 'peril' (meaning an event like a storm or a fire or a flood etc).

While insurance companies will advertise that they sell landlord insurance, you'll find that these are just different property insurances that are suitable for landlords. These types of policies can also come with additional coverages like loss of rent or landlord liability.

Insurance is worked out based on the risk of an insurable event happening. For instance, if your property is in an area with high crime, it will be more expensive to insure against theft and malicious damage. The first step when buying insurance is to understand exactly what you want your insurance to cover and what you need it to cover from an obligatory standpoint.

Is Insurance Compulsory for Landlords?

While you may find some conflicting information online, there is no form of insurance that is compulsory for landlords… unless you have a mortgage. Mortgage lenders will often require you to have insurance before taking on tenants.

What Should my Landlord Insurance Cover me for?

Lots of people opt for the basic package not understanding that you can request certain covers to be added or removed, thus affecting the cost and coverage of the insurance.

For instance, many standard home insurance policies also contain cover for 'items damaged away from the home' usually meant to cover valuables and electronics while outside of your property. If you don't take those things away from home though, or you've already got separate insurances for these, you can ditch that part of the cover and save yourself some money.

Most people are familiar with standard buildings and contents cover for properties they own or rent, if you're a landlord though, these standard policies won't cover you. You will need to let any insurer know that you are a landlord renting your property to tenants to make sure you get the right cover.

The Basics – Buildings vs Contents

Buildings and contents insurance are the standard insurances that landlords usually start with.

Buildings is almost always applicable for a landlord. This type of insurance protects the bricks and mortar that make up your property (and anything that happens to be fixed inside). Sometimes it's called fixtures and fittings insurance. In a tenancy agreement the landlord is responsible for the fixtures and fittings of the property, so it makes sense to get these insured.

Not all landlords will need contents cover. This covers the un-fixed contents of the property like sofas, soft furnishings, electronics etc. Some landlord specific buildings policies will offer coverage for a small number of contents if they are provided by the landlord in a partly furnished home. For instance, white goods are sometimes covered under buildings on a landlord policy. If you're renting out a fully furnished home, then you may want to find a landlord contents policy to cover any contents in your rental property.

When buying buildings or contents make sure you know exactly what's covered and how buildings and contents are defined in the policy. Insurance companies will differ in what they cover and under what type of policy.

What are Buildings and What are Contents?

This question is trickier than it seems at first glance. A standard metaphor used as a quick explanation in the industry is this:

If you took the roof off a house and turned it upside down, anything that falls out is contents and anything that stays inside is buildings.

Depending on your insurer, there may be a few exceptions. The one that easily comes to mind is laminate flooring. In most cases, if the laminate is screwed or glued to the floor and is fitted below the skirting board it will be considered buildings. If the laminate is click together and isn't fixed to the floor or under the skirting board it may be considered contents.

As a general rule of thumb, the upside-down house is a good metaphor, but if you have un-fixed items in the property it's worth asking the insurer if they would be covered before you opt for your policy.

Insurance Coverage Explained

While buildings and contents are the most common forms of property insurance, there are extra covers you can add. Sometimes these are sold as separate policies but more often than not they are bolted on.

Some of the most common coverages have been outlined below.

Accidental Damage

This pretty much does what it says on the tin. Covers damage caused by accidents. This is usually bundled in with buildings and contents insurance. Accidental damage often comes with separate limits and there can be some pretty wide-reaching exclusions under this cover. A common one is to exclude accidental damage caused by water.

This type of cover will allow you to make a claim if a tenant accidentally damages your property, but if the tenant damages your property on purpose this wouldn't be covered.

You can often choose to have this cover excluded from your policy and this will reduce your premium, on the flip side you won't be covered in the event of accidental damage.

As this is a standard coverage it's a good idea to get to grips with the exclusions and limits to help you understand if it's worth paying for or not.

Cover Away from Home

This is another type of coverage that is often bundled in with contents insurance. As its name suggests, it gives you a certain level of coverage for items that are taken away from the property.

If you're a landlord the chances are you won't need this, unless you envisage your tenants taking your contents outside. You almost certainly wouldn't need this if you were just insuring the buildings and not the contents.

Landlord Liability

Aside from insuring your property and contents you can insure yourself against liabilities. This type of insurance will protect you from claims made by a third party. For instance, if the ceiling falls in on your rental property and a lot of your tenant's possessions are damaged as a result, they may raise a legal claim against you. Landlord liability insurance can help with legal costs and compensation.

This type of cover often comes as standard in a landlord specific insurance policy, though you can buy it separately as well. You can also request to have it taken out of your insurance to lower your premium. However, it's important that you consider this carefully before you do.

Mortgage lenders may require you to have landlord liability insurance, so if your properties are mortgaged check this out before opting to remove cover. Also consider, since the Homes Fitness for Human Habitation Act has come into force, tenants can more easily sue landlords for damage to possessions and compensation claims can be very expensive. As a landlord you are responsible for damage caused by your rental property.

Loss of Rent

You can add this optional coverage to quite a few different insurance policies. Make sure you double check the limits and exclusions as this won't cover all reasons for loss of rent. This type of insurance usually covers the loss of rent if your tenants have to move out as a result of an insurable event. For instance, if there is a fire at your rental property and it's no longer habitable and your tenants have to live elsewhere, you'll be able to claim for the loss of rent while the property is uninhabitable.

This type of insurance can have monetary limits and time limits as well, so if you're adding this to your policy make sure you understand what it does and doesn't cover.

Legal Expenses Cover

This is sometimes bundled in as standard with landlord insurance. Its function is slightly different to landlord liability in that it covers legal expenses you may occur as a landlord. In some instances, it can help with the costs of evictions.

Home Emergency Cover

This is usually an optional coverage. It covers home emergencies like burst pipes or broken boilers. If you have this coverage, you'll likely be given an advice line number to call. In the event of an emergency someone will be sent to the property to deal with any initial damage and to make the property safe. You'll likely be charged an excess on this service and any other fees will then be taken care of by the insurer. This will also have its own set of exclusions.

Malicious Damage

Damage that is caused maliciously, such as by a burglar is generally covered as standard under both buildings and contents. In a landlord specific policy though, malicious damage caused by tenants is not usually covered. Remember, the insurer assesses the risks to you and your property in order to determine your premium and level of cover. If the property is continually let out, then the risk of a tenant causing malicious damage is always going to be higher than an insurer would like.

If you want cover against malicious tenants, you will likely need to purchase a separate insurance and potentially find a specialist insurer.

Tenant Default Insurance

This is an optional cover that you can add to your policy. It will usually cover you against rent arrears. It often comes with additional restrictions and limits. For instance, it may cover you up to a certain monthly amount and for a certain number of months. Sometimes there are additional conditions around this as well. Some insurers may require evidence that you've carried out an acceptable level of tenant screening before providing cover.

Tenants Insurance

Tenants can only insure their own belongings and so they often end up with contents insurance with optional extras like accidental damage. Some tenant insurances also come with tenant's liability insurance; this is meant to provide cover in the event that the landlords' property is accidentally damaged by the tenant.

You can require your tenants to take out renters or tenants insurance. This needs to be written into the tenancy agreement, and you should make prospective tenants aware of this if you do include it.

If your tenant has adequate insurance cover it gives you an extra layer of protection against any of the things that can potentially go wrong.

Your tenants' belongings aren't covered by landlord insurance. Your insurer will only allow you to insure buildings and contents that you own.

Things you Should be Aware of Before Buying Landlord Insurance

Insurance policies aren't unlimited. Many customers call expecting their damage to be covered no-matter what. Often, you hear a customer tell the advisor how many years they'd been paying their premium, and so they expected cover. It doesn't work like that. No insurer offers unlimited cover, it's just not cost feasible and some risks can't be insured against.

When choosing your insurance coverage and deciding on an insurer make sure you understand the limits, exclusions, excesses and the perils covered by the policy you are considering. These will differ from insurer to insurer. Understanding how these things change or limit a policy can help you find the insurer with the best coverage rather than just opting for the cheapest quote.

Here are some of the things you should be looking out for before purchasing your policy:

Excess

The excess is an amount you have to pay before your claim will be settled. These are common to all insurance policies.

There may be more than one excess on your policy. For instance, if you claim for a phone the excess might be £50 but if you claim for a burst pipe in your property it may be £1000. Always check how much the excesses are for each peril the policy covers. It is possible to reduce the excess on most policies, but this usually increases the monthly or annual premium you pay. It's also possible to increase the excess in order to lower the premium, but if you do this, be aware that in the event of a claim you will have to pay the excess.

If the claim is less than the excess, your claim will be declined, but it is usually still recorded as a loss or declined claim on your insurance which may impact any no claims bonus you have. The lesson here is don't claim for something that will cost less than your excess to replace.

Limits and Special Limits

All policies have a general limit. Sometimes this is per claim and sometimes for the whole policy.

For instance, a contents policy that has a limit of £10,000 will usually pay out up to £10,000 for each and every claim. If the limit is aggregated that means you can't claim more than £10,000 for the life of the policy.

Aside from the policy limit, there may be other special limits in the policy. Most policies will have a 'single item limit' that will be the limit the insurance will pay for a single item. If you want to insure any single items that cost more than this limit to replace, you will need to take out additional cover. For instance, if there is a single item limit of £3000, and you want to insure a ring that is worth £4000, you will need a separate level of cover for your ring.

There may also be limits per peril. For instance, under the theft peril you may find there is a different limit for items stolen from the garden and outbuildings than for items stolen from inside a property.

Exclusions

An insurer can't cover every risk out there. For a time, the most famous insurance exclusion was for 'Acts of God', things that were seen to be events outside of human control like natural disasters. Many exclusions on modern policies are far more specific, but you may still come across the occasional Act of God exclusion.

Exclusions are usually listed clearly in your policy document and it's worth reading through these before deciding on an insurer, they will differ from policy to policy.

Some of the most common are:

Pre-existing conditions – This prevents you from claiming for any damage or incidents that occurred or that you knew about before you took the policy out.

Wear and tear – Anything that happens over time as a result of normal wear and tear is not usually covered.

Damage not resulting from an insurable event – If the damage you claim for has happened over time and not as a result of one of the perils listed in the policy document it won't be covered. For instance, if your property has been damp for months on end – it probably won't be covered. If you've had a storm and water has come in as a result of the storm, then it probably is covered (provided the storm in question meets the definition of storm in your policy booklet).

In all instances, where an insurable event happens, you need to tell the insurance company as soon as is practical. There may also be guidelines for this in your policy document. This is because the insurance company will want to mitigate any damage as soon as possible. If you leave the damage and it gets worse and there's no good reason for the delay you might find a claim declined.

Final Tips

When you are first looking for an insurance policy the excess and total insured limits are relatively easy to spot. Single item limits and exclusions are harder to find as they are usually listed in the policy booklet and policy schedule that you get after you've taken the insurance out.

If you call the insurer to ask about the policy, they will be able to tell you about any policy specific limits and exclusions.

Remember, after buying insurance there is a 14 day cooling off period. In this period, you can cancel your insurance. It's there to give you a chance to read over the full policy before committing to the contract. Make sure you use the 14 days wisely to double check your level of cover before committing to a policy that may not be quite right for you.

If there's anything you don't understand in your policy, particularly in relation to excesses, exclusions or endorsements, look them up online. There are plenty of guides out there that can talk you through their meaning.

When finding a new insurer ask as many questions as possible to make sure you've got the cover you need before getting to the stage of receiving a policy booklet.

Make sure you aren't insuring the same thing twice. While relatively rare, it happens and it's very messy if it then comes to claiming, not to mention, it is a waste of money. Some insurance policies will automatically renew, make sure you know what happens at the end of the policy so you can prepare. In most cases people end up with two insurance policies when they take out a new policy not realising their old policy has auto renewed.

Is Landlord Insurance Worth it?

And so, we come to the age-old question. Is it worth it? If you don't legally need insurance, why get it?

Apart from the mortgage, if you own your property outright and don't intend to finance it, it's tempting to think you don't need insurance. After all, insurance costs money. However, if you have an insurance policy, and you need to claim on it, you'll be a lot less out of pocket than if you didn't have it.

The best way to weigh up an insurance policy is to ask yourself if you could afford to cover the damage yourself. If your property caught fire could you afford to re-build it and replace anything that was damaged in the fire? If the answer is no, then you need insurance. If the answer is "yes, but I wouldn't like to", you need insurance.

Where insurance really comes into its own is usually the aftercare in the event of a claim. If you're with a good insurer they will act fast, ensure your tenants' safety first and the full restoration of the property after.

At the end of the day, can you put a price on peace of mind?

Electrical Safety Regulations

Health and safety in rental homes is a priority and tenants have a right to be safe in their homes.

Landlords have a duty of care to maintain electrical installations and fix problems when they arise.

The Facts About Electrical Safety

There are more than 20,000 fires in UK homes each year and more than half of them are electrical in origin.

25% of electrical fires are caused by faulty cables and appliances, with the Grenfell Fire disaster believed to have been started by a faulty fridge-freezer. Some fires can be linked to sub-standard electrical installations, including faulty outlets that are not correctly grounded.

Each year, 1.2 million people are injured in electrical accidents in their homes and 70 people die annually.

These deaths could and should be prevented.

Landlords must make sure rental properties are safe for tenants. This includes the electrical installation and any appliances provided as part of the tenancy.

What are the New Electrical Regulations for Landlords?

The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 came into force at the beginning of June 2020. They apply to all private landlords renting properties in England where the property is the tenant's only or main residence (note that different standards apply to landlords in Wales and Scotland).

Some types of property are exempt from the regulations:

- Social housing
- Student halls of residence
- Accommodation related to healthcare provision
- Properties with a live-in lodger

Under the new regulations, landlords must check the electrical installations in rental properties every five years. Testing must be carried out by a suitably qualified person, i.e., a competent electrician.

The regulations came into effect in July 2020 for new tenancies, and applied from 1 April 2021 for existing tenancies created prior to 1 July 2020.

There are key steps to follow:

- Book an electrician to carry out an Electrical Installation Condition Report (EICR)
- Give a copy of the report to your tenant within 28 days of the inspection

- Keep a copy of the report for your records and give it to the next electrician to test the property within five years
- Give a copy of the report to the next tenant that occupies the property while the report is still valid – ask them to acknowledge in writing they have received a copy of the report

Landlords are also obliged to provide a copy of the report if a prospective tenant asks to see it while considering the tenancy. If a local authority writes and asks to see a copy of the report, the landlord must produce it within 28 days of the request.

What is an EICR?

An Electrical Installation Condition Report (EICR) looks at the condition of the electrical installation in the property. It checks for any signs of damage, defects, age deterioration, and other problems that might be potentially dangerous.

What is Tested During an EICR?

The electrician carrying out the checks will test all the fixed aspects of the electrical installation. This includes light fittings, plug sockets, wiring circuits, and the consumer unit (fuse box). The electrician will look for overloaded circuits, defective work carried out by previous contractors, whether circuits are earthed or bonded, and whether there are any fire hazards or electric shock risks.

What About Appliances?

Electrical appliances are not checked during an EICR, but fixed installations such as electric showers and extractor fans will be checked. If you provide any electrical appliances as part of the tenancy, it is sensible to conduct periodic portable appliance testing (PAT).

If a tenant has their own appliances, for example, a washing machine or tumble dryer, they are responsible for carrying out checks on them and ensuring they are safe to use.

Always register any appliances you purchase for a property. This ensures you are notified if there are any product recalls related to safety issues.

How Long Does an EICR Take?

Depending on the size of the property, it can take 2-4 hours to complete. By the time the contractor is done, you will know whether the property complies with BS 7671, the current British Standard for electrician safety in a residential property.

Everything tested is assigned a code. These are as follows:

- C1 indicates danger and persons living in the property are at-risk; remedial action must be taken immediately.
- C2 tells you there are deficiencies in the electrical installation and if action is not taken, it could be dangerous should a fault arise
- C3 alerts you to deficiencies that should be addressed to improve safety in the property
- F1 – further investigation is needed

C1, C2, and F1 codes are classed as 'unsatisfactory' and C3 'satisfactory'.

C1 recommendations should be acted upon immediately and the electrician carrying out the testing would normally do what's needed to make the installation safe.

C2 and F1 recommendations must be acted upon within 28 days, whether the recommendation is a repair, replacement, or further investigation.

You are not obliged to act on any C3 recommendations, but it would be wise to sort them out within a reasonable time frame, for peace of mind.

Once remedial works have been carried out at the property, written confirmation of such works from the electrician should be passed to the tenant (and the local authority, if applicable) within 28 days of completion.

Is Another Test Needed if the EICR is Unsatisfactory?

No, but certification must be obtained to prove the work has been carried out to the required standard and the property is now safe for tenants.

If your property receives an ‘unsatisfactory’ EICR report, you have 28 days to fix the problems (or less time if the report states otherwise). Once the rectification work has been completed, the electrician will provide an Electrical Installation Certificate or Minor Work Certificate to show the work has been done to the required standard. This should be kept with your EICR report and copies given to tenants to show compliance.

In the event of an ‘unsatisfactory’ EICR report, a copy of the report and certificates to show the work has been done must be sent to the local authority within 28 days, to prove the property is now safe.

Who Should Carry out an EICR?

EICRs should always be carried out by a qualified electrician. Government guidelines state that the tester must be “qualified and competent”. To make sure the person you hire meets the criterion, check whether they are members of established competent person schemes. These include:

- Electrical Safety Roundtable
- Registered Competent Person Electrical

Both schemes list electricians registered to carry out "full scope domestic work in England and Wales".

Check whether the electrician or the company they work for has a suitable qualification and insurance covering their work.

What About Small Appliances?

Testing small appliances, otherwise known as PAT testing, is not a government legal requirement for landlords but it is sensible to do this if you supply electrical appliances as part of a tenancy agreement.

PAT testing is a legal requirement for HMO landlords. Testing should be carried out every two years, or in the case of some student houses, every year. Not testing appliances could lead to an insurance claim being rejected if a tenant suffered a personal injury due to a faulty appliance supplied by the landlord.

What Should be Tested?

All small appliances fall into the remit of PAT testing. Basically, if an appliance has a plug and it can be moved, it should be tested. These include:

- Washing machine
- Dishwasher
- Tumble dryer
- Microwave
- Kettle
- Vacuum cleaner
- Toaster
- Coffee machine

PAT testing is not something you can do yourself. Specialist equipment is needed, and this equipment must be recalibrated every year. Your best option is to have it done by a third-party provider.

Qualified PAT testers usually charge around £2 per item, so it's not massively expensive. If you have multiple properties, you can probably negotiate a discount.

What if the Property has Been Rewired?

In the case of an older property being renovated, the entire electrical installation might need replacing, a process known as 'rewiring'. When the wiring is completely replaced, you should be given an Electrical Installation Certificate (EIC).

Once you have an EIC, give a copy to your tenants. No further checks are needed for five years, so long as the installation has been carried out to the required standard.

I Already Have an EICR From When I Purchased the Property?

It's possible that you already have an EICR if you had the electrics checked when you purchased the property. If so, this will be valid for five years from the date on the report. Make a note of when it is due to expire and organise a new inspection around 3 months before it runs out.

How Much do EICRs Cost?

The cost of having an EICR done will depend on how busy electricians are in your local area. Electricians set their own fees, so when they are busy or if there isn't much competition in the area, prices will invariably rise. Other factors at play include the size of the property and the number of properties to be tested – you may be able to negotiate a discount if you have several properties all in need of a test. Bear in mind trades charge more in London and the southeast.

Expect to pay around £220 plus VAT for a property with 15 separate electrical circuits. Some landlords end up paying significantly more during times of peak demand.

Always get a written quotation before agreeing to have the work done. Make sure the pricing structure is transparent and there are no hidden fees on the quote. Any reputable electrician will include their trade body references on paperwork, which lets you verify their qualifications.

Electrical Safety Standards in HMOs

HMO landlords have always had extra duties related to electrical safety, as per the Management of Houses in Multiple Occupation (England) Regulations 2006. This has since been superseded by the new Electrical Safety Regulations. It is now a mandatory part of HMO licencing requirements that HMO electrical installations are safe.

Is my Property an HMO?

If you rent a property to five or more people from two or more separate households and they share toilets, bathrooms, and kitchens, it is classed as a large HMO and must be licenced. Smaller properties let to people from more than one household may also need an HMO licence, so check with your local council housing department.

What Happens if a Landlord Fails to Comply With the New Regulations?

Landlords face stiff penalties if they don't comply with the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020. Local authorities can take court action against the landlord. This may lead to a maximum fine of £30k if the landlord is found to be in breach of the regulations.

In practice, local authorities will normally issue a remedial notice if they believe the landlord is in breach of the regulations. The landlord then has 28 days to comply with the terms of the notice. If he doesn't take action, the local authority can organise for the work to be carried out – so long as the tenant agrees – and the landlord will be invoiced for the costs incurred.

Landlords can appeal against a demand for costs. You have 28 days to make a written appeal and the remedial notice will be suspended while the local authority looks at your representations. They must reply within seven days.

If the landlord isn't happy with the local authority's decision, they can take their case to the First-tier Tribunal.

What if Tenants Don't Grant Access?

The vast majority of tenants won't have a problem allowing an electrician in to carry out an EICR inspection, although you do need to give them sufficient notice (at least 24-hours) and work around their work/lifestyle requirements. A small minority of tenants might not be co-operative to requests for access for various reasons so work cannot be carried out.

If the tenant won't allow access a landlord is not in breach of the regulations.

To avoid problems, keep an accurate record of all communications with the tenant and with electricians if they have been refused access to the property. If you can provide evidence from previous years to show the electrical installation was in good condition, this is also helpful. Examples include a previous EICR report, invoices for electrical work completed in the property, service records, etc.

What Happens if I Can't Find a Competent Electrician?

As in the section about tenants not allowing access to the property, if you can prove you have done all you can to comply with the regulations, you should be fine. Keep records of all communications with electricians, such as text messages and emails proving they are unavailable to do the work. Keep records to show the electrical installation was in a good condition previously.

A Tenant's Responsibilities

Tenants are obliged to let the landlord know when there are problems with the electrics in a rental property and they should contact you as soon as possible.

Tenants should also allow access to the property to allow electrical safety tests to be carried out.

Finally, tenants are responsible for any appliances they bring to the property.

Warning Signs a Property has Electrical Problems

Be vigilant for signs a property has issues with the electrics. Pay attention to any of the signs below when you carry out a property inspection or the tenant advises you of strange happenings.

- Flickering lights are usually a symptom of a power surge rather than a malevolent poltergeist; these can be caused by the power company but usually, it's a problem closer to home, and if it happens often, the electrics definitely need checking out.
- Buzzing sounds from the consumer unit, plug sockets, or light switches are a major red flag – do not ignore!
- Hot plug sockets – sockets should feel cool to the touch, not warm, or worse, hot.

- Sparking light switches or plug sockets are not a good sign – your tenants could be at risk of electrocution when they plug something in or switch the lights on or off.
- Loose sockets are not a massive problem, but in time the wiring inside will work loose; this increases the risk of a short-circuit, which could cause a fire or electrocution injury.
- Rodent infestations are not good under any circumstances, but if left unchecked, rodents will happily munch through plastic wiring and cables causing larger problems.
- Persistent circuit overloads happen when the electrical installation can't cope when more than a few appliances and gadgets are plugged in; this is more common in older properties where the electrics have not been updated.
- A burning smell coming from an electrical outlet could indicate worn wiring, which is a fire risk.

Welsh and Scottish Landlords

Please note that whilst the above advice is aimed at English landlords, Welsh and Scottish landlords will find most of it relevant, too. The main difference for Welsh landlords is that the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 do not apply to you. Instead, you are still governed by older legislation, notably:

The Management of Houses in Multiple Occupation (Wales) Regulations 2006

Duty of manager to supply and maintain gas and electricity

6.—(1) The manager must supply to the local housing authority within 7 days of receiving a request in writing from that authority the latest gas appliance test certificate which the manager has received in relation to the testing of any gas appliance at the HMO by a recognised engineer.

(2) In paragraph (1), "recognised engineer" ("*peiriannydd cydnabyddedig*") means an engineer recognised by the Council of Registered Gas Installers as being competent to undertake such testing.

(3) The manager must—

(a) ensure that every fixed electrical installation is inspected and tested at intervals not exceeding five years by a person qualified to undertake such inspection and testing;

(b) obtain a certificate from the person conducting that test, specifying the results of the test; and

(c) supply that certificate to the local housing authority within 7 days of receiving a request in writing for it from that authority.

(4) The manager must not unreasonably cause the gas or electricity supply that is used by any occupier within the HMO to be interrupted.

- Plugs and Sockets (Safety) Regulations 1994
- Electrical Equipment (Safety) Regulations 1994
- The Housing (Scotland) Act 2014

And Finally…

Electrical safety in rental homes is mostly a case of acting as you would if you lived in the property – i.e., with a healthy respect for the dangers of bad wiring. Sub-standard circuitry can cause fires and electrocute people.

Decorating Tips for Rental Properties

Decorating a buy to let property is very different from decorating your own home. The point of decorating a rental property is to make it more attractive to tenants.

If you personalise the décor, you are immediately alienating a percentage of potential tenants. With that in mind, less is definitely more when it comes to decorating a rental property. Think of your property as a blank canvas ready for future tenants to make it their home. The more neutral it is, the better.

Not all tenants look after a property and accidents happen, so having a budget in mind for replacement paint/décor is useful too.

So, without further ado, here are some top decorating tips for landlords:

Paint Vs Wallpaper

Most rental properties are painted rather than wallpapered and there's a good reason for this. If you use a common paint (more on that in a moment), it's far easier to touch up or re-fresh the decor between tenancies.

Any marks or damaged sections of wallpaper are hard to replace without re-papering the whole wall. On the whole it is cheaper and lower maintenance to use paint instead of wallpaper.

Magnolia Rules

Ah, magnolia paint. Love it or loathe it, we can all agree that magnolia is very inoffensive. It is the perfect backdrop to any style of décor, from modern to traditional. When the walls are painted with magnolia paint, a tenant can move in and personalise the place with their own soft furnishings without worrying about any nasty colour clashes.

If the thought of buying a five-litre tub of Magnolia emulsion brings you out in hives, opt for pale cream or even a very pale grey. Anything neutral will be fine.

Keep it Simple

If you only have one buy to let property, this isn't too important. But if you have two or more properties, it makes sense to stick to one paint colour and brand. That way, no tin of paint will ever go to waste. Stuck with the end of a can of trade Dulux magnolia paint? Fear not! Instead of leaving it to languish in the garage for years, you can use it to touch up any one of your properties.

As long as you choose a well-known brand and a basic shade, there is no danger of the paint becoming unavailable any time soon.

Save Money on Paint and Accessories

Big brands often run periodic promotions on paint. These typically occur at popular times of the year when people are dusting off their paint rollers and preparing to embrace a spot of decorating, such as spring and early summer.

Keep a close eye out for sales and promotions on paint and accessories and stock up on essentials.

Skirting Boards, Architraves, and Doors

Walls and ceilings are not the only things you need to worry about. There are also skirting boards, architraves, and doors to paint. These often sustain as much wear and tear as walls in high traffic areas, so will require painting between tenancies.

White Gloss

Stick to white paint and go for a high-gloss finish, as this is easier to wipe down. Water-based paints are easier to work; they don't emit nasty fumes, and you don't need solvents to clean your brushes. In addition, water-soluble gloss won't turn yellow over time. Water-based gloss is also more flexible and resistant to cracks.

The downside to water-based paint is that it takes longer to 'cure' and won't be 100% hard for several weeks. In a rental property, this could be a problem, especially if you have a young family moving in.

If you want a tough, professional finish, go for oil-based paints, but if you can't stand the fumes and prefer to be eco-friendly, try water-based paints.

Non-paint Finishes

When renovating a property and replacing skirting boards, architraves, and doors, consider skipping the paint altogether. Natural pine skirting boards and architraves finished with stain and varnish look attractive and tend to hide marks, scrapes, and wear and tear better.

Reducing the Workload

By sticking with the same paint brand and shade, you can reduce your workload when a tenant moves out. Rather than giving every wall two or three fresh coats of paint, you can sometimes get away with just touching up a few areas. This will save a lot of time and effort.

Preparing the Walls

Prepare the walls before you begin painting. Use sugar soap to wash away dirt and grime. This will ensure a better finish. Fill in holes and small hairline cracks. It's sometimes easier to apply one coat of paint before you do this, as holes and cracks stand out better after a coat of paint.

Rising Damp

Be vigilant for damp in ground floor rooms. Check walls for damp before you begin painting. If there is any evidence of rising damp, put down your tools and consider your next move. You can't afford to ignore damp, as it creates unacceptable living conditions and will lead to mould, flaking paint, and worse.

Fix rising damp before you decorate a property. The plaster may need to come off and the walls may need to be treated with a chemical damp-proof course, before then being re-plastered. Then the new plaster will need time to dry before you paint it.

When painting fresh plaster, always dilute your emulsion 50:50 with water. New plaster is highly absorbent; a diluted first coat of paint will seal the surface and prevent the next coat from drying out too fast and flaking off several months later. This is especially important in a high-humidity area such as a kitchen or bathroom.

Always use kitchen and bathroom paint for these rooms. It is more resistant to moisture and mould.

Invest in a Paint Sprayer

A paint sprayer makes painting large areas much, much easier. There will be an initial investment upfront, but this piece of kit pays for itself many times over when you are managing several properties. Paint sprayers also give a nice even finish, which looks more professional.

Always protect flooring and windows before you start painting. Use drop sheets, masking tape, and plastic sheeting. Time spent preparing is never time wasted; it's much easier to mask glass and skirting boards than it is to spend hours scraping off excess paint.

Start at the ceiling and work your way down. Remember that paint needs time to dry in between coats and allow for this in your schedule.

Hire a Decorator

Decorating is not for everyone and if you don't have time or can't bear the smell of paint, hire a decorator to get the job done. In fact, it is worth adding up the time it would take you to paint a property from top to bottom and comparing your hourly rate with the cost of a professional decorator.

Professional decorators can get the job done far quicker than an amateur. They have the tools and skills. The best way to find a reliable decorator is to ask for personal recommendations. Speak to family, friends, and your fellow landlords. If they know someone who is reliable, affordable and does a good job, contact this person to find out their availability and ask for a quote.

Check a decorator's reviews before you hire him/her. It's fairly standard for professional trades to have an online presence, whether they have a Facebook page or a website. Hit up Google to see if previous customers were happy or disgruntled. Don't be put off by the odd bad review – we all have off-days – but if there are a lot of negative reviews, walk away.

Once you have someone you trust, treat them well and keep them on speed-dial. Landlords often rely heavily on reliable tradespeople to help them run a successful business, and a good decorator is well worth keeping on-side. It is worth paying slightly above the going rate to ensure a clean and tidy decorator will be available at short notice. Most tradespeople prefer to work with a landlord who can offer them a steady stream of work, and if you pay them fairly and promptly, you can rely on them to be there for you when you need to turn a property around fast.

Finishing Touches

Finally, don't forget about the finishing touches. Once you have cleared away the paint and cleaned your brushes and rollers, look at the flooring and decide whether it needs replacing. Nothing ruins a good look more than a terrible carpet. If you have followed our advice and painted your property a nice neutral colour, go with a neutral carpet too.

Grey is popular right now. Light brown is a warmer colour but for a rental property, invest in whatever neutral carpet you can find at the right price. Don't be tempted to buy a really cheap carpet for a high traffic area, as it won't last long, and you'll have to replace it within 2-3 years. In fact, you are better off fitting laminate in a hallway, as this is hard wearing and less likely to look worn after a few tenancies.

Should You Let Tenants Decorate a Rental Property?

According to research carried out by Knight Frank, the private rental sector is expected to reach 22% of the total housing stock by 2023, with 35-49-year-olds now the largest group living in rented housing.

It is far more common these days for tenants to be looking for long-term rents, so it's understandable that they would want to personalise their living space. However, unlike owner-occupiers, tenants don't always have the freedom to paint walls or hang wallpaper to make a house feel like home.

In 2015, Endsleigh Insurance interviewed 1,000 tenants – 25% of them had been in their rented property for more than three years. 43% of those interviewed said they were willing to pay more rent if their landlord gave them permission to decorate, but less than a third of private sector landlords do this. Sadly, 20% said they were too embarrassed about their properties to invite people over.

What do Tenants Want?

- 19% of tenants want the option of painting walls in a colour they like
- 17% want to fix screws in walls to hang heavy pictures and mirrors
- 10% of tenants want to hang wallpaper
- 9% want to stick posters and pictures on the wall using blue-tack
- 9% want to fix a flat-screen TV to the wall

The upshot of this research is that tenants want to do all the things anyone does when they want to add their own personal touches.

And who can blame them?

Most landlords use neutral colours to decorate a rental property. Magnolia, cream, and similar shades are perfect for creating a blank canvas for new tenants. People can imagine their own furniture in a room when they come to view, which helps them decide whether the property is right for them.

There's nothing wrong with bland, neutral colours, but does anyone really want to live in a magnolia house forever? Probably not.

A lot of landlords include a clause in their tenancy agreements that states tenants must not use drawing pins, nails, picture hooks, and anything else that might damage the walls – including blue-tack. Why? Because it creates more work at the end of a tenancy. You'd be surprised how long it takes to go around a room and fill in two dozen holes.

It's perfectly understandable from a landlord's perspective, but for a tenant, not being able to hang pictures or decorate means the property will never really feel like a home. And if it doesn't, why stay?

Why Let Tenants Redecorate?

There are a lot of good reasons to let your tenants decorate (with some ground rules in place, of course).

Decorating a house is an investment. It costs around £16 to buy a 2.5-litre tub of Dulux paint, and somewhat less to buy a trade brand. This would be enough to paint four walls in a relatively small room. For a larger room, you'd need a 5-litre tub of paint, which is typically around £30.

Let's say you want to hang some wallpaper. The cost of wallpaper varies considerably, but expect to pay around £20-£35 a roll from a store like B&Q. For a medium-sized room, it would take, say, 12 rolls, depending on the pattern match and height of the ceiling. That's at least £240, and then you have the extra cost of paste.

When a tenant has spent good money on paint and wallpaper, they are most likely intending to stick around for a while. Long-term tenants are great news for any landlord. Each time a decent tenant moves out, it takes time to find a new one. There are also expenses associated with finding new tenants and setting up a new tenancy agreement.

You could even make money by allowing your tenants to decorate. Many tenants are willing to pay slightly more rent in return for the privilege of being able to redecorate when they want.

Putting Rules in Place

"… if there's an established and trusting relationship, and so long as you set out the terms and conditions and understand what they want to do, it is in the interests of both parties to let them decorate," says Alan Ward of the Residential Landlords Association.

Rules are important. Without rules in place, tenants can decorate as they like, and you will find it hard to argue if you later find that the tenants have used garish colours or made many holes in the walls.

Be very clear about what you are willing to permit. For example, if you are happy to let tenants paint the walls, but not wallpaper, put it in writing. Having a written agreement that states what you will and will not accept means everyone is on the same page and there is less chance of a dispute in the future.

No Major Structural Alterations

Painting walls is one thing – knocking down walls is quite another!

Removing walls, doors, kitchen cupboards, or adding new structures could cause you a lot of bother. Therefore, it's best to spell out what is NOT allowed from the start. That way, nobody gets the wrong idea.

Add Decorating Clauses to Your Tenancy Agreements

The tenancy agreement is where you put in writing what you will and will not accept. So, if you are happy to let tenants paint walls but not put up shelves, put this in writing. The more detail the better. Try to cover every possibility as clearly as possible.

Decide whether you want tenants to return the property to its original state at the end of the tenancy. For example, if you hand it over with magnolia walls and white woodwork, put in writing that this is how the property should be returned to you.

Discuss the Tenant's Plans

It's sensible to ask the tenant to let you know prior to redecorating. Frame it in a positive, helpful way. For example, you could offer to lend them some decorating equipment, such as dust sheets, paintbrushes, etc. In return, ask them to run their design plan past you, so you can check what colours they have in mind, and veto any that you don't want them to use.

Schedule a property inspection for when their decorating work has been completed. You can then make sure they did a decent job and kept non-painted areas clean and free of paint splashes (i.e. laminate floors or carpets).

Keep Accurate Records

Property inventories are a must-do at the start and end of a tenancy. They are especially important if you are happy to let tenants decorate during their tenancy.

Take photos of the state of the décor prior to the tenant moving in. That way, you can compare it to what each room looks like when the tenant moves out.

Always ask the tenant to sign a copy of the inventory report, to demonstrate that they agree with it.

What to do If a Tenant Decorates Without Permission?

If you conduct a property inspection mid-tenancy and discover the tenant has gone ahead and decorated without your permission, take a moment to consider what to do next. Assuming they have done a good job and the end result is tasteful, it might be better to agree to let it slide, as long as they return the property to its original condition at the end of the tenancy. An otherwise reliable tenant is not worth losing over a minor issue. However, if the end result is somewhat ruinous or unsightly, ask them to fix it and remind them they are in breach of their tenancy agreement.

If you are faced with a breach of the decorating clause at the end of the tenancy, you may choose to redecorate. Provided you've followed protocol and have carried out a thorough inventory prior to the tenancy beginning you should be able to deduct the costs of re-decorating from the tenancy agreement.

Record-Keeping for Your Property Business

Record keeping is an onerous but essential part of running a business. Whether you manage one property or 50, you must keep adequate records of your business transactions. If you don't, you could be in for a nasty shock one day soon…

Why it's Important for Landlords to Keep Records

Before the age of computing (and even for a while after) it was traditional to find a tidy tin or box to keep all your receipts in and to save every business related scrap of paper you could find. It was messy, difficult to reconcile and made tax returns much more of a chore than they needed to be.

Hopefully, your current system is a lot more evolved than this, if it isn't though now is a good time to start bringing your record-keeping into the digital era.

Read on for some useful tips!

Essential Records all Landlords Must Keep

- Rental and deposit payments, whether received, retained or returned.
- Any other income, for example, if you charge a tenant for maintenance or gardening services, the additional money must be recorded, and records kept of each payment
- Details of each tenancy, including start and finish
- Supplier payments, such as receipts for gardening, carpet cleaning, electrical work carried out, etc.

How Long Must Records be Kept?

Landlords are advised to keep records for six full years. Be aware that in extreme circumstances HMRC can ask to see records as far back as 20 years, usually if they suspect tax evasion on your part. If you've made an innocent error they are unlikely to look back further than four years. In the case of careless errors HMRC may want to see records from the last six years.

Important Information to Record About Each Transaction

Essential information about every item of expenditure and income must be recorded. This includes the:

- Date of the transaction
- Amount
- Company or person the payment was made to or received from
- VAT element

You must record the total amount of VAT for each supply, so if you have an invoice with supplies charged at different rates of VAT, you must record them as separate amounts, rather than recording the invoices as one total amount.

Making Tax Digital

Making Tax Digital for VAT came into effect this in 2019. VAT registered businesses in England and Wales must now submit their VAT returns using HMRC's MTD online system.

Records must be kept up to date and landlords have a statutory obligation to maintain adequate records for their lettings business. MTD for VAT requires that landlords keep digital records of all expenses incurred and income received.

HMRC Record Keeping Requirements for VAT Registered Landlords

There was a time when paper records were enough, but requirements are different now and digital is the way forward. The requirements of MTD state that some records must be kept in a digital format. This information can be viewed in full in the government's VT notice 700/22, which you can read here, but the key records that must be kept digitally are:

- Your VAT number
- Your business name
- Your business address
- The accounting scheme you use
- Transaction data

Landlords using the flat-rate VAT scheme don't have to record details of their purchases unless they fall under capital expenditure and you want to claim input tax. Small purchases costing less than £50 can be entered as one amount up to a total of £500.

Penalties for Non-compliance

Because MTD for VAT has only just been introduced, HMRC has said it will not penalise businesses and individuals who don't comply with the record-keeping rules. However, this period of grace will not last forever. Put your house in order as soon as possible, to avoid any potential penalties. By showing that you are making an effort to do things right, you can avoid any problems. If HMRC thinks you are deliberately sticking your head in the sand and refusing to comply, it can and will issue penalties.

Non-VAT Registered Landlords

The majority of landlords are not VAT registered because their income doesn't meet the £83,000 threshold. Making Tax Digital for income tax and corporation tax are not expected to come into effect before 2023, but you still need to prepare for things to go digital.

Use this time to devise a solid record-keeping system. If there are holes in your current records, plug them. Ask for copies of bank statements and supplier invoices. Check you have copies of receipts. Make sure your records of rent payments are accurate and up to date.

Have files for each property so it is easy to track down records. Maintaining digital copies of receipts is sensible. If you don't use landlord software, take a photo of receipts and store the images in an online drive. That way, it won't matter if your receipt goes astray.

Don't forget to keep records of any personal assets you use in your property lettings business.

Have a System in Place

Have a system in place to record all income and expenditure as it occurs. If you are not already using a cloud-based landlord software solution, now is the time to look into this.

Landlord Vision lets you track your expenses for each property. You can record payments and partial payments and thanks to our open banking integration, small payments won't slip through the net. The software allows you to keep accurate records, whether you use the Cash Basis or Accruals Basis, so HMRC is happy and doing tax returns is fast and stress free.

Once you are on the right track, it should be easy to maintain accurate records. It's not just essential from a compliance perspective either. Keeping accurate and organised records makes it easier at year-end. You won't forget to claim for small items of expenditure and end up paying more tax than you need to.

Speak to your accountant if you need any more information on record-keeping or you are not sure how MTD affects your landlord business. They can offer you personalised advice depending on the exact nature of your business.

Should you use a Letting Agent for Property Management?

Running a property letting business can be time consuming, even if you only have one property to manage. If you have other responsibilities, it's easy to lose track of what needs doing. This is where a letting agent comes in handy.

Letting agents offer a fully-managed service, which lets landlords forget about their rental property on a day-to-day basis. If you prefer a less hands-off approach, you can also use a letting agent to find and screen new tenants before taking over the everyday running of your property.

How Many Landlords Use a Letting Agent?

A 2015 survey of 2,000 landlords found that the majority (87%) used a letting agent to manage their property. Interestingly, there were regional differences in the data. For example, 100% of North-East landlords relied on letting agents, but only 79% of landlords in Northern Ireland did.

Of the landlords who didn't use a letting agent, the primary reason given was cost, but 30% of landlords said they enjoyed managing their properties.

Whether you need a "steady hand" or you don't have time to manage your portfolio without creating a few clones to share the load, here is some information on what a letting agent does and some reasons for and against using a letting agent.

What Does a Letting Agent Do?

A good letting agent is worth their weight in gold. They can take care of the tricky parts of managing a buy to let property, such as making sure it meets health and safety legislation, screening tenants, preparing tenancy agreements, etc.

Depending on your budget, there are different levels of service available.

Let Only

A let only or tenant finder service does exactly what it says on the tin – the letting agent looks for a suitable tenant, screens them, checks references, and conducts viewings. They may also prepare a tenancy agreement, run credit checks, and manage everything until the tenancy is set up and the tenant has moved in.

Fully Managed Service

A fully managed service is far more comprehensive. Here, the letting agent does all of the above, plus everything else a landlord must do, such as organise property repairs and deal with tenant problems. Naturally, they charge more for this level of service, but it does mean you have very little to think about on a day-to-day basis.

How Much do Letting Agents Charge?

Letting agent fees vary. There is no set rate for a let-only and fully managed service, and it will largely depend on competition in the local area. Bigger chains of letting agents will have a standard set of fees for each service. However, if you use a smaller, independent letting agent, you might have some wiggle room for negotiation. If the letting agent wants your business, perhaps because you have a large portfolio, it's reasonable to expect a discount on their service fee.

Fully Managed Services

Fully managed services tend to be on a rolling monthly basis, with some letting agents requiring that landlords sign up for a 12-month package. Expect to pay somewhere between 7% and 15% of the annual property rent.

Let-Only Fees

Let-only fees are a per-service basis, so you'll be invoiced each time you use the service. Some letting agents charge a percentage of the annual rent; others have a set one-off lump sum fee. Since letting agents can no longer charge tenants for things like preparing tenancy agreements and the administration of a new tenancy, it's likely they will have put their fees up. If you have used a letting agent previously, don't be too surprised if the fees for a let only service have increased in the interim.

In particular, watch out for tenant referencing fees. Letting agents can no longer charge tenants for checking their references, so the fees are being passed on to the landlord. Since this is often a significant part of the cost of finding a new tenant, check how much tenant reference checks fees are with your prospective letting agent. There are big differences between the main letting agents.

If a letting agent charges £75 per reference check and it takes you three attempts to find a suitable tenant for your property, that's £225 for one tenant. Read the small print to find out if tenant referencing is an add-on. If it is, it may be cheaper to use a standalone tenant referencing service at a fraction of the price. For example, OpenRent charges £20 for a comprehensive standalone tenant reference service that includes checking CCJs, right to rent, the electoral roll, employer's references, etc.

Reasons to Use a Letting Agent

There are a few reasons why using a letting agent makes sense. Read on to see which boxes you tick.

Time

Most landlords use a letting agent because they don't have time to do the job themselves. Unless you are a professional landlord, it's likely that you have a full-time job plus a host of other responsibilities and time commitments.

Letting agents are the first point of contact for tenants and you shouldn't have to do much once you engage a letting agent to manage your properties. At least in theory…

Experience

Is this your first buy to let property? Are you an 'accidental landlord'? If so, using a letting agent might be a smart move. There is a lot of red tape to think about, from checking a tenant's immigration status to smoke alarms and deposit protection. If you make a mistake, it could cost you dearly. It is a letting agent's job to know all there is to know about the rules that govern the Private Rental Sector.

There is no reason why you can't jump right in and learn the ropes, but if you don't have confidence in your ability to manage a rental property or you would prefer someone else with more experience to deal with tenants, hand over the reins to an experienced letting agent.

Reasons Not to Use a Letting Agent

If you have time and plenty of experience, you might prefer to do the job yourself.

The other reason why you may prefer not to use a letting agent is down to cost. The costs associated with a letting agent are tax deductible, of course, but when your rental yields are tight, it could tip you too far in the wrong direction.

Do the maths and work out how much your rental yield is if you add on the expense of a letting agent. Then you can make an informed decision.

There are some comprehensive property management programmes out there like Landlord Vision that can help enormously when it comes to self-management.

Choosing the Right Letting Agent

Letting agents are now legally required to be a member of one of two redress schemes. These independent bodies can hold a letting agent to account and are there to solve disputes between landlords and agents. If a letting agent is not a member of a redress scheme, their local council can fine them up to £5,000.

The two redress schemes are:

- The Property Redress Scheme
- The Property Ombudsman (TPO)

There are also two other redress schemes, which a letting agent may also be a member of. These are:

- ARLA Propertymark, a regulatory body for letting agents with more than 9,000 members
- Safeagent, formerly called the National Approved Letting Scheme, a not-for-profit accreditation scheme for letting agents

Letting agents must be members of the first two and they may also be members of the second two.

Check out a letting agent's website and/or office to see which redress scheme they are a member of. Membership details should be clearly displayed in the shop or online. It is in your interests to use a letting agent registered to a redress scheme. Membership of a scheme means the agent must abide by a code of conduct, and if they do provide a poor service, you can make an official complaint, free of charge.

It's wise to verify a letting agent's membership before you sign up for their services. Some disreputable types will show off their membership badges but are not actually members. If you do come across a letting agent that claims to be a member of one of the above schemes but actually isn't, get in touch with your local housing department and report them.

Speak to other landlords for recommendations. Read online reviews and do some research. Ask two or three letting agents for quotes. Read the small print to check exactly what the agent is offering for their fee. Compare like with like.

Don't assume the cheapest letting agent is the right one. Cheap isn't necessarily cheerful. If their fees are much cheaper than the competition, they are most likely cutting costs somewhere.

Ask Potential Letting Agents the Right Questions

- Find out how the agent plans to manage your money for repairs and such like. Do they provide a monthly account update?
- How often will you be charged for repairs and maintenance (if applicable)?
- How often will rental payments be transferred to your account?
- Find out which money protection scheme the agent uses.
- Are they clued up with the latest rules and regulations?

- How long is their average void period?
- How often do they carry our property checks?

If you have other questions, now is a good time to get some answers, and if you don't like what you hear, walk away.

High Street Vs. Online Letting Agents

Landlords are no longer restricted to using their local high street letting agent, since there has been a rise of online property websites like Rightmove and Zoopla.

For landlords comfortable with online services, using an online letting agent could save you a lot of money. There is a number to choose from, including Openrent, Upad, and IATA. Their core services always include marketing on the main property portals, which makes sure your property reaches a lot of prospective tenants. Read the T&Cs for each online agent to get a better idea of what services they offer and bear in mind that many online-only letting agents don't offer a fully managed service, which some landlords will want.

You can always enjoy the best of both worlds by using an online letting agent's tenant finder service and then switching to a fully managed service with your local high-street letting agent.

Does Using a Letting Agent Mean the Landlord is no Longer Responsible?

The short answer is no.

Letting agents can advise you, but ultimately, as the landlord, you are legally responsible in the eyes of the law. This applies even if you signed up for a service and the letting agent doesn't actually do anything they were contracted to do.

For example, let's assume you pay for a fully managed service and then disappear on holiday to the Maldives. The boiler service is due in one of your properties and you assume the letting agent will organise this for you because it says so in the contract. If there are any problems with the boiler in the meantime and the letting agent doesn't do their job, it is you that will be help legally liable.

You are also liable if your letting agent fails to protect the tenant's deposit, even if you never saw a penny of that money.

Just remember, even if you do decide that a letting agent is the right move now, it doesn't mean you are locked in forever. As your confidence and experience grow, you can easily take over the reins at some point. Or switch from a fully managed package to a tenant finder service, depending on your needs at that time.

Increasing Rent, Advice and Strategies

One of the most satisfying parts of being a landlord is seeing the rents rise on the properties you let out. In most cases, it can mean a greater income and increased profit on your properties. It can be an indication of a property well bought and a portfolio well managed.

Whilst seeing your monthly rent increase can be a rewarding moment, it is important to consider whether increasing a property's rent is the right thing to do. Rents can only be increased in line with the market rate, and it is important to consider a tenant's ability to pay when doing so. Equally, landlords need to assess whether a slight increase in rent is worth potentially losing a good tenant.

If increasing the rent is the right thing to do, landlords must be aware of the different routes available for increasing rents depending on the tenancy type. Tenants can disagree with rent increases and appeal ones which they deem to be unfair or unrealistic. This means landlords need to be familiar with Section 13 notices and the appeals process.

When Shouldn't You Increase Rents?

Rent increases are an enticing prospect for any landlord. It is only natural to want to earn more for doing the same amount of work. However, increasing rents is not and should not be a black and white decision. Higher rents may not mean higher profits and successful landlords are not necessarily the ones that increase their rents on a yearly basis.

The greatest risk to consider when increasing rents is void periods. By increasing rents, you may be increasing the likelihood of experiencing a void period in the not-too-distant future. Consider a hypothetical property which is let out for £500 per month and on which you have decided to increase the rents by £25 (+5%) per month. This same property may have a one-month void cost of close to £650. Therefore, one month's void could be equivalent to 26 months of increased rent. It is always worth working out whether a rent increase is favourable when compared to the increased risk of a void period.

It is also worth considering the moral case against increasing rent. Much as the media may focus on 'slum landlords' and those that give our industry a bad name, many landlords choose to make decisions which support their moral convictions. You would not let a property to someone that could not afford it. Equally, you should not increase the rent to such a point that your tenant cannot afford it. Most tenant referencing agencies will provide affordability ratings and it is good practice to qualify a tenant's income. It can be worthwhile using this information to inform your decision to increase rents. Have the tenants' circumstances changed? Was their affordability rating borderline in the first place? Making the morally right decision is not mutually exclusive to the financially prudent decision.

When Should You Increase Rents?

Common sense suggests that you should increase the rent on a property when there has been a material change in circumstances. It could be that local rental values have increased since the rent was initially agreed, or inflation has reduced the value of the current rent. The only restriction is that any increase in rent is deemed to be 'fair and realistic'.

Ideally, the best time to increase rent on a property is between tenancies. This will avoid any risk of a tenant contesting the rent increase. Equally, you will be able to gauge how competitive your rent is by the interest you receive in the property. An abundance of applicants will indicate that your property is still competitively priced even with the increased rent.

Whilst the easiest route is to increase rents between tenancies, many landlords will seek to increase the rent during a tenancy. When doing so, there tends to be two schools of thought among landlords. Some landlords believe that you should consistently increase rent on an annual basis, the 'little and often' technique. In contrast, other landlords will stress the value of keeping good tenants and avoiding the risk of change, the 'absolutely necessary' technique.

Consistent Rent Increases – Little and Often Technique

Whilst some may consider the 'little and often' technique to be akin to penny pinching and not worth the risk, it does have some merits. Firstly, small annual increments can be far more palatable to tenants than a substantial rise after a number of years. For many tenants, the costs of moving will outweigh an extra 2-3% on their rent each month. Secondly, there is the argument of returns. The aim of property investment is to generate returns in line with the market. If the market rent or inflation rises, then it is only fair that your rent rise to a similar degree.

Periodic Rent Increases – Absolutely Necessary Technique

On the other side of the scale, is the 'absolutely necessary' technique. Landlords who favour this route argue that good tenants are worth their weight in gold. It is far better to have a good tenant that pays rent on time and takes care of the property, than to run the risk of voids or replacing them with a less reliable tenant. In this case, landlords will avoid raising the rent until it becomes absolutely necessary to do so. Typically, this will be when the rent is sufficiently below the market average that the property still looks decidedly attractive even after a rent increase.

The technique that you choose will usually depend on your personal preferences and the value you place on the tenant. Some less experienced landlords can operate on the extremes of the scale, being either too skittish about increasing rents or overly keen. In practice, reasonable tenants tend to understand reasonable increases.

Increasing Rents on Fixed Term and Periodic Tenancies

The Assured Shorthold Tenancy (AST) is the most common type of private tenancy agreement in the UK. Agreements of this type will typically specify a fixed term period of between 6 and 12 months, after which the agreement will operate on a periodic basis (month-by-month) or a new fixed term agreement is signed.

You will not be able to increase the rent on a property midway through a fixed tenancy unless the tenancy agreement includes a rent review clause. If a rent review clause is included in the agreement, it will often specify a review date and either a fixed value for the increase or a statement which indicates the rent may be increased in line with the market rate. If the agreement does not include a rent review clause, you will need to wait until the fixed term expires before either agreeing a new fixed term agreement or increasing the rent on a periodic basis.

Periodic tenancies allow for rent increases so long as they are limited to once every twelve months. You can increase the rent on a periodic tenancy through mutual agreement with the tenant or through issuing a Section 13 notice.

The Process for Increasing Rents

There are three main avenues for increasing the rent on a property where the fixed term has elapsed, or which is let on a periodic basis. You can issue a new tenancy agreement, come to a written mutual agreement with the tenant, or issue a Section 13 notice. In all these instances, you must provide the tenant a minimum of one month's notice.

The first process is to renew or issue a fixed-term tenancy agreement. If the tenant is open to this, you can sign a new tenancy agreement which specifies the increased rate. The additional benefit of this process is that it provides a degree of future security to both the landlord and tenant. However, some landlords prefer to avoid pursuing a fixed term tenancy as this may encourage tenants to seriously consider their position and can instigate a move.

The second option available is to come to a mutual agreement on the price. This is perhaps the simplest and most employed process when increasing the rent. For the increased rent to be valid, the tenant must firstly agree to it. If the tenant does agree to the increased rent, then a written agreement must be created and signed by both parties.

Should a tenant not wish to sign a new fixed term contract or agree to the increased rent, you can choose to issue a Section 13 notice.

Issuing A Section 13 Notice

A Section 13 notice refers to Section 13 of the Housing Act (1988) and allows landlords to increase the rent on a property without receiving the written agreement of the tenant. When serving a Section 13, it is important to be aware of the following restrictions:

- Section 13 notices can only be served once every 52 weeks.
- The minimum notice period for monthly or weekly periodic tenancies is 1 month. However, yearly tenancies must be provided a 6-month notice period.
- The notice cannot be served on a tenant during a fixed term tenancy.
- The new rent must be implemented on the same timeline as the current agreement. If the rent on a monthly agreement is payable on the 1st of the month, then the new rent should become applicable on the 1st.
- In cases where there is not a written tenancy agreement and therefore no fixed term, Section 13 can only be served 52 weeks after the start of the tenancy.

When using a Section 13 notice, you must fill out the Tenancy Form 4, which is available on the government website. The form itself is quite self-explanatory and will guide you through the required fields. As this is a legal document and can be contested by the tenant, it is important to ensure that you meet all of the above criteria and that there are no spelling errors present. The completed document can then be provided to the tenant.

Once a Section 13 has been served, the tenant can either agree to the rent increase, challenge the increase, or do nothing. If the tenant does not challenge the increase before the date specified in the Section 13 or pays the new rent, it is implied that they have accepted the rent increase.

Can Tenants Contest Rent Increases?

Tenants can contest a Section 13 notice if they wish. They can do this by raising the increase to the first-tier tribunal (Property Chamber) before the first payment of increased rent is due. A panel of professionals will consider the tenants case and determine the market rent of the property.

The tribunal is able to refuse a rent increase if the landlord has not met the requirements of a Section 13. Providing an insufficient notice period or proposing a start date for the new rent which is not in line with the period of the tenancy are both reasons for refusal.

If the notice period is deemed valid, then the tribunal will determine a market rent. The aim is to assess what rent your property could achieve if it were on the market with the same terms as the current tenancy. In assessing this, the tribunal will consider both comparable rental properties and the state of repair of your property.

When the tribunal has determined the market rate, they will inform both the landlord and tenant. The new rent they determine can either be the same, lower or higher than the original rental increase. It is unlikely that the tribunal will overturn rent increases which are considered fair and in line with the local market price.

The new rent decided by the tribunal will be applicable from the date stated in the Section 13 notice. If the tenants appeal has surpassed the date of the Section 13 notice, you could be owed backdated rent.

Tips for Increasing Rent

Maintain A Good Relationship

It is always worthwhile ensuring you have a good relationship with your tenant. It can make the whole process of managing a tenancy easier. This includes the process of increasing rents. When you have a positive relationship with your tenant, it is easier for them to empathise with you and any rent increases you propose.

Value Your Tenants

The value of a tenant is not wholly expressed by the rent that they pay. Tenants who take care of your property, pay their rent on time and plan to stay for the long-term are worth keeping. It can be worth maintaining a competitive rent which may be below market rate to encourage such tenants to stay longer.

Precise Numbers

Whilst rounding makes life easier, precise numbers tend to convey a sense of accuracy. It can be tempting to round to the nearest £100 or £10, precise numbers can sometimes be more palatable to tenants. By increasing your rent by a precise number, rounded to say the nearest pound, you are suggesting to the tenant that you have put thought into what is the fair rent for the property. This can be especially effective when combined with a written explanation.

Provide an Explanation

It is always good practice to include an explanation for why you are increasing the rent. By doing this, you help the tenant to understand why their rent is increasing. The rationale you provide could be anything from a couple of lines of explanation, through to a detailed paragraph which includes your working out and calculations. Some landlords even include examples of other properties which have been listed in the area to indicate that their rent is in line with the market. Though you should be careful not to include other listings which appear more attractive than your own.

Regular Rent Reviews

It is worth specifying regular rent reviews from the outset. If tenants sign up for an initial 12-month contract, you may want to specify that you will conduct a rent review annually on this day. Doing this helps to normalise rent increases and prepare the tenant for when they may come. Even if you choose not to increase the rent, it can be worthwhile sending over a written correspondence which details any rising costs and why you have chosen not to increase the rent. This can add an air of professionalism to the process and endear you to the tenant.

Couple Rent Increases with Value-Add Work

It can be worthwhile to link rent increases to other positive actions. As an example, if you let the property with white goods and the fridge is becoming old, it could be worth offering to replace the fridge when the rent increases. This may be something which you would need to do eventually anyway. However, by linking it to the rent increase you can make the increase appear more palatable to the tenant at little additional cost.

Provide Sufficient Notice

The legally required notice period for rent increases is one month. However, it can pay to be courteous to your tenants. Providing advanced communication and an extended notice period of two or more months is unlikely to work against you. The additional notice period can give tenants the time to prepare their finances and will reflect positively on you should the increase ever go to a tribunal.

As all landlords will know, tenants do not stay in buy-to-let properties for ever. After a period of time most tenants will begin to consider upsizing, downsizing, buying their own property or moving for work. It is part of the natural life cycle of being a tenant or a landlord. When tenants do vacate a property, this often causes void periods – the period of time between the old tenant moving out and the new tenant moving in.

Void periods are without doubt one of the key factors effecting the profitability of a buy-to-let property. During a void period, properties produce no income whilst still being liable for mortgages, maintenance, insurance and other related taxes and charges. As such, extended void periods can have significant negative impacts on both the monthly cashflow and end of year profitability of buy-to-let properties.

Professional landlords and investors will seek to manage void periods as a tool to increase profitability. Decisions to effect and manage void periods can be taken before one even purchases a property.

What are Typical Void Periods?

All by-to-let properties will experience void periods at one time or another. Depending on the tenant and the property, void periods could be an annual occurrence or a once in a decade event. What is definite is that they do occur. The question that landlords must ask is, what is a reasonable or average void period?

A survey of 200 UK based landlords from 2013 until 2019 by Statista suggests that a typical property will experience an average void period of around 3 weeks per year. Whilst this has varied historically and has been as low as 2.4 weeks, it would make sense to use 3 weeks as a good rule of thumb. Though, this will vary by region, with London and city centre locations typically having lower void periods.

The Financial Implications of Void Periods

Void periods combine an unpleasant mix of increased costs and lack of income. Professional landlords will want to work-out the potential costs of void periods so that they can plan and invest accordingly. Consider the example below of a one-month void period:

Details:	
Property	£100,000
Monthly Rent	£500
Rental Yield	6.00%
Costs:	
Mortgage	£190
Council Tax	£116
Utilities	£40
Insurance	£15
Total	**£361**

In this example, a small two-bed terrace within a Class-B council tax band might rack up £361.00 in costs during a one-month void period. When you consider the opportunity cost of lost income, this becomes even more stark as the property would be expected to generate a profit of £295.00 during the period (not accounting for maintenance). When the lost income and total costs are combined, the financial difference between a one-month void and the property being tenanted during the period comes close to £650.00. That is equivalent to 18% of the property's net annual yield.

It is important for landlords to calculate and understand these figures for their properties. Firstly, understanding these figures can contribute towards working out how much cash needs to be kept in the bank as a safety net. Secondly, it supports informed decision making. In the above example, if a tenant offered to let the property for £450.00 per month – £50.00 less than the listed price – the reduced profitability is still less than a one-month void period.

Buying Properties Which Mitigate Void Periods

One of the most important decisions a landlord can make to manage void periods is actually made when they initially choose a property to buy and let out. Geography and property type can influence average void periods. As such, investors and landlords should consider a property's 'let-ability'. That is, its attractiveness to tenants and the type of tenants it attracts. Choosing a property with high let-ability will help to mitigate void periods in the future and enhance returns.

Common sense dictates that student-lets are most attractive when they are near universities and student areas. Professional lets are best suited to city-centre or commuter locations, whilst families will want to live in suburban environments near schools and amenities. Determining the type of tenant you wish to attract can help to refine the best areas to purchase a property and the most important features influencing its let-ability.

Once a tenant type and area have been determined, the next step is identifying the key features that the relevant tenant type values in a property. Features which might make a property attractive to families might include reasonably sized but manageable gardens, sufficient internal communal spaces, available parking, and friendly neighbourhoods. Comparatively, a young professional in a city centre location might place more value on modern interiors, concierge or parcel service and sufficient sound insulation. If you choose a property which meets the needs of your target tenant, it will let out far more readily and reduce void periods.

Finally, there are additional considerations to take into account when choosing the type of property. Most flats will have ground rent and service charges. These charges must be paid whether the property is tenanted or not. Consequently, the average monthly cost of flats can be greater than those of an equivalently priced house. This can contribute to a greater negative effect on monthly cashflow for void periods.

Letting a Property is Like Selling A Product

Whilst the first step towards managing void periods is choosing the right property, there are a number of other tips and tricks of the trade which can help to minimise such periods. One of the most important of these is to realise that letting a property is like selling a product. The setting and experience of viewing a property can influence prospective tenants more than you would imagine. As such, landlords might wish to consider the following:

A Clean Canvas

Much like the smell of a new car, there is just something appealing about the smell of fresh paint. View void periods as the opportunity to spruce up a property prior to the next tenancy. A smart decision is to use universal colour schemes across all of your properties. This will save time and money whilst also providing a ready supply of spare paint for touch ups.

Often there is no need to entirely repaint a property. Simply going through and touching up high traffic areas which have been scuffed or marked can make a world of difference. This can especially be the case with skirting boards and door frames.

The Curb Appeal

Some believe that it only takes 30 seconds for someone to form a first impression. With this in mind, taking the time to consider the way in which your property is first viewed can make a difference to its let-ability and help to reduce void periods. Professional landlords might want to consider:

- Pressure washing the entrance path to clean up its appearance.
- Tidying the front garden by painting fences, mowing lawns and pruning bushes.
- Replacing the front windows to enhance appeal (coloured frames, leaded windows).
- Adding a modern exterior light near the entrance.
- Updating the front door if the current one is dated

The Viewing Experience

Viewing a property should be looked at as an experience. Not everyone has the ability to see potential. As such, not every tenant will see the appeal that you see in a property. However, you can take steps to improve a prospective tenant's opinion of a property when viewing.

Firstly, unoccupied properties can smell. Anyone coming home from a long holiday will be familiar with the experience of opening the front door and being greeted with an unfamiliar smell. Prior to viewings, landlords can open doors and windows to recycle any stale air. Those landlords using letting agents or without the time to do this may want to consider strategically placing automatic air fresheners in hidden locations.

The second step is to ensure that properties are viewed in the best light possible. Try to arrange viewings through the day when there is sufficient sunlight. When doing so, ensure that all of the blinds/curtains are open and the lights are switched on. Bright rooms appear larger than dark ones.

Finally, create a sense of scarcity. When conducting a viewing, landlords must naturally become salespeople. Good salespeople use techniques to influence the way in which prospective customers view a product. Referring to other viewings and interested parties can suggest that the property is desirable and scarce. Pointing out attractive features can help to reinforce their attraction in the minds of prospective tenants.

Do A Deal

Being willing to offer creative deals and options for prospective tenants can sometimes make the marginal difference between an offer being made or not. You would be surprised quite what deals can be made. Landlords might want to consider offering slightly reduced rent in exchange for a longer fixed term period on the contract. If a particular area or room is of concern, consider offering to add new fixtures or fittings and splitting the cost.

Finding Tenants

No matter how attractive a property might be, it still needs to be marketed properly. A property which is effectively marketed will hopefully reach the optimum number of prospective tenants and be vacant for less time than one which is not. As such, it is worth considering the different options and considerations available to landlords.

Let Only Agents

The first consideration for landlords should be whether or not they will be finding tenants themselves or relying on the services of a letting agent. Many landlords will choose to engage letting agents on a let-only agreement. In this situation, the letting agent is responsible for sourcing tenants and drawing up the initial contractual paperwork. Once sourced and complete, the management of tenants and properties is handed back over to the landlord.

Whilst let-only agreements come at a cost, good letting agents have access to a network of prospective tenants. What is more, they have the experience and market knowledge to be able to effectively market and display a property. This can help to reduce void times and save landlords time and money.

Pre-marketing

Current tenants are required to provide notice to landlords before moving out. This is often either one or two months depending on the contract. This period can be invaluable to landlords as an opportunity to advertise the property and arrange viewings before the current tenant vacates.

Using Networks

For some landlords, letting to friends and family is something to be avoided. However, friends and family can also prove to be a valuable source of tenants, either directly or indirectly through their own networks.

Social Media

If letting a property without a letting agent, consider using social media sites such as Facebook. Facebook has a number of local groups and pages where landlords and tenants can advertise properties for free. This can sometimes be an interesting tool for driving up the number of viewings and prospective tenants. However, be aware that such groups can often be aimed towards specific types of tenants. Advertising on pages which focus on DSS or Student tenants may not be the most productive use of your time if your property is aimed towards young professionals.

The Right Photos

Prospective tenants will filter through hundreds of listings. The right photos can help to make your property stand out. If you are using a letting agent, ensure that they send an appropriately trained photographer to the property and do not be afraid to question the quality of the pictures taken if they are not up to standard.

When letting as a landlord, it can sometimes be a good decision to employ a professional to take photos of your property. They will have the appropriate equipment and will know how to use lighting and angles to take the most favourable photos possible.

Managing Tenants to Reduce Voids

Managing your tenants is one of the best ways of managing void periods. Effective processes and knowledge can put landlords in the best possible position to reduce void periods on a property.

Regular Inspections

Inspections can be a useful tool for landlords to better understand their tenants and their properties. Regular inspections help to build a rapport and understanding with the tenant. Such interaction can allow for more natural communication and can allow landlords to comprehend their tenant's future plans. Additionally, such inspections allow landlords to determine the state of the property and what work may need to be done should it come back onto the market.

Negotiation

Regular communication with tenants and a good understanding of the financial implications of void periods can help to refine negotiations. Should a tenant complain about the condition of a certain room or feature of the property, it is important to assess the cost of resolving this against the cost of a void period should the tenant move out.

It is not uncommon to link work, such as a room being re-carpeted, with a tenant signing a prolonged contract and extending their term. Carpeting a room can often cost a few hundred pounds, which will likely come in less than the cost of a three-week void period.

Planning Void Periods

The property market is cyclical. Typically, the best time to let properties is in spring and early summer, whilst the quietest time is October till December. With this in mind, it can make sense to encourage tenants to sign contracts which end during or just before the busier times of the year. This can help to plan void periods and prevent properties from coming to market just before Christmas, when there are fewer prospective tenants.

Landlords with multiple properties will also want to consider the timing of void periods from a portfolio perspective. Whilst it is always recommended that landlords keep a sufficient cash buffer in case of void periods, it can still prove to be a very challenging time should all the properties in a portfolio become empty at the same time. Especially if an unforeseen maintenance cost arises.

Marketing Your Rental Properties and Property Business

There are a few different reasons that landlords might want to get their heads around the fundamentals of marketing. If you're letting a property out, you need to know how to attract tenants through your marketing efforts. On the other hand, if you're looking to attract investment or a business partner to help grow your portfolio, knowledge of marketing techniques and tactics can help you do this.

An understanding of marketing can make or break your campaign. A good campaign will attract the right tenants, limit void periods and reduce the fees you spend on advertising. A bad campaign targeting the wrong tenants can increase void periods and will make it difficult for you to find a tenant.

We've already touched on some of these topics but in this section we'll go into more detail about what you need to know when advertising your own properties, the different channels you can use, and how to create successful campaigns for letting out your properties.

Define Your Target Audience

Unless you know the kind of tenants you want to attract, your marketing efforts will fall short. No one person reads all newspapers and uses all of the social media channels. If you understand who you are trying to attract it will help you choose the right channels to advertise on. In turn this will save you money and make sure that the time and effort you put into advertising isn't wasted.

If you haven't yet bought a property, you'll need to spend some time considering your target tenants before making a purchase. You should have your target tenants in mind to make sure you buy a property that will appeal to them and is located in an area where they can be found.

If you've already bought a property, you should know what kind of tenant you traditionally target. If you aren't sure what kind of tenant you are targeting, take a look at previous people you've let your property to. Were they students, older tenants, professionals, families? You'll find there are patterns in the kinds of tenants that rent from you.

It's imperative, before you put pen to paper or fingers to keyboard that you know what kind of tenants you want to attract. Knowing your target tenant will help you craft an advert that speaks directly to them and to choose an advertising platform that they're more likely to see you on. For instance, if you're trying to attract older professionals, you're unlikely to find them on Instagram.

In our Finding and Keeping good tenants guide you can learn more about buying a property to attract the right tenants along with what kinds of property you need to purchase to attract your target tenants.

What Channels Should You Use?

Channels are just a fancy way of saying platforms. For instance, social media channels would be Facebook, Twitter, etc.

There are a huge range of channels open to you depending on the amount of time, effort and money you want to put in to advertising your property.

The channels you use will vary depending on the type of tenant you are targeting. If, for instance, you are looking for students, you're unlikely to find them by advertising in newspapers. In this section we're going to look at the most popular channels landlords use, the kind of demographic you are likely to find using these channels and the amount of time, effort and budget you'll need to put into each one.

Social Media - A General Introduction

Social media is easy to use and doesn't require much in the way of set up. If you have existing accounts, you may find it easier to get started. Building a new account may be easy but it takes time to build a relevant following, you certainly wouldn't expect results overnight.

On social media the more relevant your followers are the more useful the social account will be over time. On Twitter for instance, it's easy to follow anyone and everyone whether you know them or not, but if you haven't spent time curating followers that are interested in property or those who are likely to be tenants then your Twitter account won't be much use when it comes to finding a new tenant.

While it doesn't take much time in terms of set up, you'd be wise to view social media as an ongoing project. It just isn't the case that you can make one post a month and watch your channel grow. You'll need to post content to your social media channel and engage with your followers on a regular basis to make it work. It isn't quite set and forget either. Once your social account is up and running it may be the case that tenants use it to contact you, so you'll need to keep an eye on it for tenant messages too.

Making Your Social Channels Look Good

Social media is very image driven. While it is possible to post without images, posts with images or videos consistently outperform text-only posts. On most social channels there is a profile section for you to advertise your business, so you'll want to make the most of these sections too. With all this talk of social media posts and profile images you'd be forgiven for feeling overwhelmed, especially if you aren't a photoshop expert. Fear not, there are a lot of good (and free) tools that will help you make sure your social channels look good.

Canva is an excellent free programme that will allow you to create graphics for all social channels. It has a drag and drop interface so it's easy to get to grips with. This is the programme we use at Landlord Vision to create our social and blog post graphics.

Canva have a wide range of pre-made templates which can help you to design a professional looking graphic even with no design experience. The programme offers a variety of different image sizes that make it easy to create content in the right size for the right channels. Using Canva you should be able to create a social graphic in just a few minutes. There is a free version of the programme and this should be enough for most people. There are no limits on the amount of designs you can create and download on the free version. (We don't get a commission for promoting Canva, we've chosen to do this simply because we know from experience that it is an excellent tool!)

Make sure any graphics you do create for your social media accounts are consistent in design. When people see your posts, you want them to be able to identify that they belong to you. People will become used to your branding or design and this will raise awareness of your content, get people looking out for it and, provided you create good content, will increase their trust in you.

When you Shouldn't use Social Media

Social media is an excellent channel if you're going to be advertising a lot of properties or if you'll be advertising properties frequently. But if you only have one or two properties and they've already got good (and settled) tenants in them, you have to ask yourself if it's going to be worth the effort.

Once you start using social media and you gain followers and your tenants can see that you use it, they will start using it as a communication channel.

Posting Frequency

Once you've sussed your social graphics and you've got your channel looking good, think about what kind of content you are going to post and when you're going to post it. While a lot of online articles will tell you that there are best times and frequencies to post on different channels these often over-exaggerate and make things out to be more difficult than they are. Different times and frequencies will work for different types of business. What works for one may not work for the other. Testing is the only sure-fire way to know what works best for you. There are some general guidelines that apply to specific channels, we've covered these in the channel specific sections below.

Now you've got some general rules to follow for social media let's take a look at the details of each social channel in more depth:

Facebook

According to Omnicore Facebook has over 2 billion monthly active users and a wide range of people use it. Many marketers prefer Facebook to get in touch with older users as 62% of all online over 65's use the channel. Around 88% of online 18 to 29 year olds use Facebook, 84% of online 30-49 year olds and 72% of online 50 to 64 year olds. So, this is a great channel to use to reach a variety of people.

You can have a personal Facebook page or a business page and both are free. The type of account you use will depend on what you're trying to get out of the channel. A personal page is a fine way to keep in touch with tenants in an ad hoc manner, you also have greater control over the privacy settings meaning you can prevent people from posting on your personal page or tagging you in photos etc.

A business page will allow you to collect reviews, give you a section to write about your business and will include a button you can use to get people to visit your website or take other actions. With a business page you can schedule posts for a later time (which is quite useful) and you can also see statistics about your posts and their performance which is imperative if you want to grow your Facebook presence.

Posting Frequency

Facebook moves quite slowly, if you make a post in the morning and then another in the afternoon, you'll find the morning post slows down in terms of reach (the amount of people it's shown to) when you make the afternoon post. In short, Facebook will throttle earlier posts whenever you make a new post. The only exception to this is if your previous post does really well, then it may continue to get some modest reach even if you post something else.

The general rule of thumb for Facebook is to add no more than one post per day and some businesses will just make three posts a week especially if they are just starting out.

Facebook Advertising

While Facebook is free to use, they make their money from advertising, so if you have a business page, you'll find that Facebook frequently reach out to you to encourage you to 'boost posts' or start advertising. Some think that posting organically – i.e. just making a post and not paying to boost it, is not an effective way to advertise a business, as Facebook will throttle the reach of any posts that seem promotional. We're not here to discuss whether these kinds of practices happen, but we have noticed ourselves that posts that seem overly promotional don't get much reach. Having said that, it is still possible to grow and advertise a business on Facebook without paying, it just takes a bit of time and patience.

Facebook advertising is highly praised in marketing circles because it allows you to target very specific groups of people. If you don't know what you're doing though, it can get very expensive very quickly. If you do decide to give paid ads on Facebook a go, make sure you read up on how to set these up and how to maximise your advertising budget.

Growing Facebook

Growing a personal Facebook page is easier than growing a business page. It's a bit of a slow burn getting people to like your business page and it's generally only going to happen if you're sharing good content and people want to follow you for that reason, or if you're telling people to like your Facebook page in your other channels. For instance, if you have a blog or a website you should have a Facebook icon in these places that links back to your profile or page so your potential customers know they can find you there. If you frequently email your tenants, you should have a link to your Facebook page or profile at the bottom of your email. You can also just tell prospective tenants that you have a Facebook page or profile and encourage them to find you there.

Facebook Groups

There are many groups on Facebook and these deal with all kinds of topics. Think of them as communities. They are a great place to advertise your properties and get talking to other landlords and to prospective tenants as well.

As there are so many relevant groups, you'll need to search them and join the ones you think will benefit you most. Groups all have different rules, some are public in which case anyone can join, and some are private and require you to answer questions to get invited to join.

In most cases people joining these groups are looking for value, so you may need to spend time getting to know your group and adding value to them before you can get anywhere advertising your properties. Remember each group is different, so take the time to read their rules and get a feel for the posts they share before getting involved.

Facebook Marketplace

Facebook has a marketplace where you can advertise your properties to let. There is a fair amount of competition in this space, but as many amateur landlords display properties here, it's easier to stand out from the crowd if you use the tips in the rest of this section. Advertising properties here is free and is well worth adding to your collection of channels.

Twitter

According to Omnicore there are around 330 million active Twitter users and according to Statistia 13.7 million of these are UK based.

Twitter is best for reaching a younger demographic or for interacting with small and medium businesses. Around 80% of Twitter users are affluent millennials (18-29 year olds) and around 85% of small and medium businesses report using Twitter to provide customer service, so if you're looking for a business partner this is a great place to start. Around 25% of online 30-49 year olds also use Twitter, but it's not common to find large numbers of older people using the platform.

On Twitter you can set up a personal page or a business page. There isn't that much difference between the two, but with a business account you'll get statistics on how your posts have performed and you'll be able to use Twitter advertising, neither of these are open to you if you have a personal account.

Posting Frequency

Twitter moves a lot faster than Facebook. As content is shared so regularly each post is only displayed for a short amount of time, so you need to post more frequently to get noticed. There's no hard and fast rule when it comes to posing frequency, marketers disagree on the exact frequency, some larger brands can post up to 100 times a day, some suggest that 20 is optimum. Unlike Facebook, Twitter won't think twice if you share the same piece of content multiple times. Generally, you should be looking to share around 10 posts a day. The more you post the more your channel will grow, if you just don't have the time, try with a lower frequency and just increase it slowly over time. We've found that our account has grown with three tweets a day, so it's not all bad if you can't turn yourself into a posting machine.

Promotional Tweets on Twitter seem to do just as well as regular tweets, so you can promote your business without worrying too much about losing 'reach' (the number of people your posts are shown to). Be aware though that your followers will get fed up with you and won't interact with your tweets if they are always overly promotional.

If you want to move forward with Twitter but the idea of posting more than 10 times a day fills you with dread, you can use Twitter's free companion tool Tweet Deck to schedule as many posts as you like.

There are a lot of social media scheduling tools on the market which will allow you to schedule posts across all of your social media accounts. Most of these aren't free though, so it's only worth looking into these if you're going to get really serious about social media, using multiple channels and creating a lot of content.

Twitter Advertising

Twitter also offers advertising for businesses. The targeting options are quite detailed, and they tend to be a little cheaper than Facebook. Remember Twitter has a much younger audience than Facebook, so regardless of your targeting options you'll still be reaching a younger demographic.

As with all paid advertising on social media make sure you read up on how to execute a good campaign. This way you'll maximise your budget and avoid overspending which is very easy to do on social media.

Growing Twitter

Twitter is easier to grow than a lot of the other social media channels. Following others is easy to do and is encouraged, the danger with Twitter stems from growing an irrelevant audience. On Twitter it's better if you follow less people than follow you, this is regarded as the sign of a good and trustworthy account. While you will get a number of followers on Twitter, you should only follow people back if they are relevant to you and your company or goals. This is how you curate a relevant Twitter following. If you don't curate a relevant following, you aren't going to get that far when it comes to advertising your properties.

Unlike a lot of the other social media channels, Twitter is a very reciprocal platform. You will need to interact with other people's posts including commenting, liking and re-tweeting. If you aren't doing this, your account will still grow, but a lot more slowly. Twitter works on a like for like basis, so if you like the posts of a few different companies you'll find they throw a few likes your way as well. Regular engagement with other Twitter accounts is a necessity for a fast growing account.

Instagram

Instagram is a popular channel with a younger demographic. In fact 90% of Instagram users are younger than 35 and 75% of those are aged between 18 and 24. If you're looking to advertise to younger house share tenants or students this is a great channel to be advertising on.

Instagram is a very visual channel, so you'll need some top-class images to make it work for you. Sharing photographs of your properties, especially if they are nice looking with good furnishings is the way forward if you're planning to use Instagram.

You can set up a personal or a business account, but with a business account you can add a little more information about your company, and you can also use the advertising features and get statistics on how your posts have performed.

Posting Frequency

Instagram is similar to Facebook, you'll want to post once or twice a day maximum. The difference with Instagram is that you can post a bunch of images at once whereas with Facebook and Twitter you usually make just one post at a time.

Instagram Advertising

There are a lot of options open to you when it comes to advertising on Instagram. Just like posts on the platform, adverts need to be very visual.

Instagram has very comprehensive targeting options like Facebook and Twitter.

Just like with Twitter, you need to be aware that while the targeting options are good, you'll still be reaching a younger audience as it is mostly younger people using the platform.

As with all paid advertising make sure you read up on how to create a campaign on this channel and how to maximise your budget.

Growing Instagram

If you're creating great visual content for your Instagram account, you'll find that you attract more followers. Like Twitter, interacting with other Instagram accounts and liking their content will help you to attract more followers and likes. Try to interact with the content of those you want to follow your account to ensure that you grow a relevant following.

LinkedIn

This is the social network for finding professional tenants and a great place to start if you're looking for business partners or investors. 106 million users log on to LinkedIn monthly. 61% of LinkedIn users are 30-64 years old, so here you'll find your older professionals. About a quarter of users are aged 18-29 so you can also find students and young professionals here as well.

Much like the other social networks you can create a personal account or a business page. These are both quite different and serve different purposes. If you're planning to advertise your properties on this channel, you'd be better off setting up a business account rather than a personal one.

Posting Frequency

LinkedIn is another slow-moving channel, so you can get away with one or two posts a week, it's ill advised to post more than once a day. Content works well on LinkedIn, so if you have a blog or you're happy to write journal entries directly onto the platform you'll find they get a fair amount of attention.

LinkedIn Advertising

As with all the other social networks it's possible to pay to advertise on LinkedIn. There are targeting options that make it more likely to get your advert in front of the right people. Adverts on LinkedIn work much the same way as they do for other channels, and just as with other channels you should read up on effective techniques to use to maximise your budget and avoid wasting money.

Growing LinkedIn

The secret of LinkedIn lies in the groups rather than in posting socially. While it's possible to post once a day and grow very slowly, getting involved with groups and interacting with other users is the best way to get your account noticed.

If you're willing to put in the time and effort it takes to join relevant groups, communicate with them on a regular basis and engage with the wider community then your LinkedIn presence will grow well.

Other Social Media Channels

There are so many social media channels now that covering them all would mean having to write the equivalent of a 300 page paperback! Here we've covered the main channels, but you can find out more on any channels we haven't covered by using your favourite search engine.

If you're considering using different channels to those mentioned, you'll want to find out the most common ages of their users so you know your target tenants are there.

Rightmove and Zoopla

There is no doubt that Rightmove and Zoopla are some of the most relevant channels out there. They both have a high number of visitors so if you're looking to rent out your property or you're looking to sell it

then it makes sense that you'll find a lot of your target market here.

One of the most frustrating things about using these channels is that you can't just create a listing and have it displayed on Rightmove or Zoopla. You need to go through an online letting agent to list your properties here.

Open Rent is a great solution if you're looking to just advertise rather than take up the full services of an online letting agent (more on that later). Once you've managed to get your listing onto these channels there's still no guarantee that your property will let or sell, especially if you haven't done the leg work properly. We'll go into this later in this section.

Rightmove and Zoopla are not free to use either. An online letting agent won't list your properties there free of charge. While there are a lot of potential tenants using these platforms, there are also a lot of other landlords and letting agents advertising their properties here. So, before you go to the lengths of paying for an online letting agent, see what the competition looks like. If there are a lot of properties coming up for rent in that area, you might find it difficult to get yours noticed.

The chances of getting your property let on these channels depends on the price you're letting at, the quality of your photos, the details in your listing and a whole host of other factors. If you're going to advertise on these channels you should put the effort into making a listing that really stands out.

Look at other listings and find out what would make yours stand out from the crowd. If you aren't confident in persuasive writing, hire a copywriter to write the listing details for you. If your photos are anything less than perfect, hire a professional to take the photographs for you. It may seem like a lot of work or expense, but if you do a great job you'll find a tenant quickly and you'll be able to use the same photographs and blurbs on different channels. You should also be able to re-use the photographs and blurb if you're letting the property out again in the future.

Going to Rightmove or Zoopla with a poor listing can be an expensive mistake to make.

Print Advertising

Print advertising involves taking out an advert in a newspaper. Some marketers say that print is dead, but if you're trying to attract older tenants then print ads may be your best option. Most people reading

newspapers are over 35, though the demographic will vary slightly from paper to paper and town to town. If there's a free newspaper in the area you are renting a property in, this can be a good way to attract over 35's. Free newspapers tend to be distributed quite widely so you'll reach a wider demographic if you advertise here.

One exception to mention is the Metro newspaper. While this is a national one it's available for free on public transport, so advertising here may bring you to the attention of commuting professionals.

Print advertising is not free, since newspapers have declined in popularity the ad space pricing has gone up as advertising is the method by which most newspapers sustain themselves. It is quite straightforward to take an ad out. You usually pay for the amount of words in the ad, its size and format, and for the length of time it is displayed. Pricing will differ from paper to paper.

Unless you want to pay for a half or full-page ad listing you will generally have a lot less space in a newspaper ad. This means if you want it to be effective you will need to choose your advert wording carefully. If you've hired a copywriter to help with your listing you should be able to pick out a few good lines of their copy, if not though, you'll have to choose your words carefully for your ad to have an effect.

While text only adverts do work, they don't work as well as adverts with pictures, so if you're considering using print advertising, you'll need to take this into account when deciding if this is the right channel for you.

Pay Per Click (PPC)

The chances of you needing to use pay per click advertising are slim. Unless you have a huge portfolio and your own website you won't even need to get into this strategy. If you have your own website though and you have a lot of properties on

offer at any one time, you'd be remiss not to at least look into pay per click advertising.

You can find some great tutorials and guides on how PPC works over at Wordstream and PPC hero if you want to learn more.

The good thing about PPC is that you have a lot of control over your budget, the types of ads you want to display and where you want to display them. The downside is that it can get expensive and usually requires a lot of testing to get right. Once all your testing is done, Pay Per Click ads still take a lot of work to maintain.

Google ads is the most popular place to set up PPC, but there are other places you can do this like Bing ads and Facebook. If you have the time and the inclination it's a channel that usually performs well, even for amateurs. If you don't have an entire empire of properties to rent out the chances are you won't need to get into this at all. It requires a lot of time and effort, so if you're considering this, you'll need to make sure it's worthwhile. You may find it easier to hire an expert to help you if you haven't used this method of advertising before.

Open Rent

This is a little-known website that is growing in popularity. It's been built specifically for private landlords to advertise their rental properties. There is a free plan so you can advertise your property on this site without paying any fees at all. However, if you want to pay £29 (at the time of writing) your property will also be listed on Rightmove, Zoopla and other sites for 3 months. If you aren't keen on using an online letting agent, OpenRent might be just the ticket. They also offer other services such as tenant referencing, photos and floor plans, etc.

There are a lot of other online companies where you can advertise your properties for various fees, but a site Like OpenRent will allow you to create a single listing that will then be advertised on a wide range of property sites. This is a huge time saver as you then won't have to create multiple listings across different sites.

Online Classifieds

Online classifieds can be a great way to find a tenant, the people who use these sites are often from a wide age range and variety of backgrounds. Sites like gumtree can be free to list on, and they usually have a large audience. You'll find that enquiries from this channel are fewer and further between than those from the more well-known property sites, if you're on a tight budget though this is a good option.

Professional Photography

Wherever you decide to advertise your property, it's imperative that you use good photographs. The photos you take will make or break your listing. The property should be clean and tidy when you take pictures. If you're letting a furnished property you should include the furniture in the pictures. If you're letting unfurnished, try to take photos of the property while it's empty.

Choose a nice sunny day to take photos, so the property is presented in the most flattering way. If you want to emphasise any special features, such as a log burner or open fire, take photos at the most appropriate time (i.e. in the evening when the fire looks cosy and inviting).

If you aren't good at taking photos and all your pictures make the property look small or dark, invest in a professional photographer. The photos are one of the most important ways to attract tenants to your property.

Once you've got a good set of photos you can use the same ones again and again, provided nothing significant changes about your properties between tenants.

Tips for Taking Good Property Photos

Use a good camera. Smartphones these days do tend to have better and better cameras but often they don't have the complexity of an SLR or digital camera. Being able to change the lens, the aperture and the exposure among other things are the key to taking great photos. If you've got a lot of properties, it may be worth investing in a digital camera. If you only have a few properties, consider hiring an expert or borrowing a camera if you know someone who has one.

Good property photos are always staged. The property is always prepared in a specific way to make it look good in a photograph. This involves removing any clutter from the room, reducing the number of personal items and anything that makes the room look messy. Ideally you want the property to look like a show home: clean, tidy, simple, spacious and neutral.

You'll want the property to look light and airy so make sure the light is with you. Turn on lights in the room you're photographing, open curtains or blinds and use an external flash if the one on the camera is still making your room look dark.

Try to capture as much of each room in the shot as possible. The most common way to do this is to stand in one corner of the room which will allow you to snap the other three corners at once.

Aim to take shots at eye level, but if there's a lot of lowline furniture you may want to take the pictures from a lower level. Experiment with the height of your photos until you snap one you are happy with.

Make sure you capture images of the outside of the property too, try not to include too much of the neighbouring properties so that prospective tenants can see exactly which property they are looking at. Take outside photos at a good time of day, preferably when it isn't raining or too overcast. Avoid taking photos while the sun is directly overhead, usually around midday as this tends to create a lot of shadows which you'll want to avoid.

Most people think that taking photos while the sun is out is the best way forward with outside photos. While it's great to use a sunny or slightly overcast day to pick out the details of your property, don't overlook the idea of taking an external photo at dusk. As the sun is going down, turn on the lights inside the property and snap a photo from the outside. Bonus points if you capture a pink sky behind your property! This makes the home look cosy and welcoming.

It's important that you make the property look clean, tidy and as neutral but welcoming as possible. Above all you need to make sure that the property is not mis-represented in your photographs. While the photos will pull in prospective tenants, if they arrive for a viewing and find the property looks nothing like its photos it's going to be a waste of everyone's time.

Writing a Good Rental Advert

When writing a rental-ad, the best thing is to consider what will appeal to your target tenant. You'll find the majority of people will either scan read your rental listing to confirm it has the key features they're looking for, or they'll only read a small part of it and then give up on the rest.

You need to use attention grabbing language in your listing, bullet points to make scan reading easier and you'll need to know what will appeal most to your target tenant so you can include this as close to the top of your listing as possible.

Craft a Good Headline for Your Listing

Depending on where you advertise your property, the headline may or may not be the first thing a tenant sees when they are searching for a new home. On the larger sites, photos take precedence, but on Facebook and listing websites like Gumtree, you need to craft a good headline to catch a tenant's eye.

Headlines should be catchy. Try to capture the reader's attention (in a good way). To do this, decide what the main selling points of your property are and distil them into a single headline. See below for examples:

- Spacious 3-bed semi in popular school catchment area - £1150/pcm

- NO DEPOSIT house-share close to university - £88/pw
- Newly renovated terrace – ALL BILLS INCLUDED - £650/pcm
- CHEAP one-bed flat close to station - £300/pcm

All of these headlines offer things a tenant might be looking for. Families want homes near good schools, students want to live near campus, and young professionals want a low-cost home near public transport links.

Write down a list of unique selling points. Pick the most desirable and use them in your headline. Avoid adding too many extra words. Keep it short but eye-catching.

Don't forget to include the monthly or weekly rental costs, and whether it includes bills. This is usually the main criteria tenants use to sort through property listings.

Write a Good Property Description

Photos and a headline grab the viewer's attention, but the property's description is just as important. This is where you detail everything the property offers tenants, including location, number of bedrooms, bathrooms, and whether it has a garden or driveway.

Tenants don't have a lot of time and there may be several property listings for them to view. In most cases, the photos and headline will draw them in and then they will glance over the description to see if the property meets their needs. If there are enough bedrooms and it sounds OK, they will read the listing in more detail.

Bullet points tell a tenant what main features a property has at a glance and make it easy for them to scan the listing. You can expand on these in the main description.

For example:

- Four double bedrooms
- En-suite shower in master bedroom
- Downstairs toilet
- Large garden
- Gas central heating
- Recently redecorated with new flooring throughout

In the body of the listing, go into more detail.

Mention every possible selling point, such as fitted wardrobes, integral appliances, new boilers, double-glazing, etc. A property listing is where you sell a rental home to a tenant. The better it sounds, the more likely they are to want to organise a viewing.

In your listing you should also include details of local amenities that will appeal to your tenant. For instance, if you want to rent to professionals mention what kind of transport links are close by and how long it takes to walk to the train or bus station, mention close by shops and supermarkets and how long it takes to walk there. Mention what job prospects are like in the area etc.

If prospective tenants call and ask you questions about the property that aren't covered in your listing, update your listing to answer the question they've asked. In the long run this will provide more information to prospective tenants and reduce the number of questions you're asked ahead of a tenant booking a viewing.

Using Tenant Reviews

It is a well-known principle of marketing that people are always happier to try or buy things if they can see their peers have done the same and have had a good experience. This principle will also work for advertising a property and it's rarely used by landlords and letting agents, yet it will have a huge impact.

If you've got other tenants and they're happy to give you a review about how they've gotten on with you, how they've found working with you as a landlord, how they feel about your property, etc. then you will stand out against competitors also trying to let property in the same area.

Imagine seeing a rental listing with a review that says something along the lines of: "I've rented a property from Bob for the last year and he's been excellent, he takes care of the property and always reacts quickly when I call him". It's short and sweet but really sends a message to prospective tenants and will increase the number of enquiries you get.

It's easy to ask your tenants for a review. You can send them an email and just ask them for a few words you can use in your next rental advert. Most tenants will be happy to oblige.

If you're using a quote in your rental advert, don't forget to use the name of the tenant that gave it to you so that others can see it is a genuine review.

If you have a lot of properties or tenants, then it may be better to collect reviews on an independent review site like TrustPilot or maybe on your Facebook page as these add an extra element of trustworthiness and show you haven't just made the reviews up. Never just make the reviews up! You can get into all sorts of trouble for doing that.

Harnessing Word of Mouth Referrals

The most successful advertising in the world is still word of mouth. People trust other people and recommendations are still the best sales pitch around as they come from people we trust and believe. Encourage your existing tenants to spread the word if you've got properties for let. You can even encourage this by providing incentives, for instance you and your friend get £20 cash back if you recommend them and they move in. This is just an example, there are a whole host of incentives you could dream up to help tenants promote your properties to people they know.

Of course, you'll want to make sure you only give this option to tenants you trust and are happy with to avoid getting unscrupulous tenants applying. Remember you'll still need to screen tenants that have been recommended, just because they are friends with a good tenant, doesn't mean they are a good tenant themselves.

How to Sell a Buy to Let Property

There will come a point when you want to sell one or all of your investment properties. This may be because you have decided to leave the sector, or you have a property that isn't performing as well as you'd hoped. Either way, finding a buyer gives you an opportunity to release your capital.

Is Now a Good Time to Sell?

Speak to a local agent if you're unsure of the current status of your local property market. They can advise you whether it is a good time to sell and how marketable your property will be. If the property is in an in-demand area, they might even have buyers on their books ready and waiting.

Selling a Vacant Property

Selling a property with vacant possession is always easier. Buyers are attracted to properties that are already vacant and not in a chain. There are fewer delays, and the buyer can move in quicker. If the property is already vacant, all you need to do is find an agent and start the ball rolling.

Evicting a Tenant to Sell a Property

As we've discussed elsewhere in this book there are laws around when you can evict a tenant or ask them to vacate their property if you want to sell it.

Tenants have the right to remain in the property during a fixed term tenancy. You can't evict them unless they breach the terms of their tenancy agreement.

Once a fixed term is over, or if you activate a break clause in the tenancy agreement, you can serve a Section 21 notice. Bear in mind that there are still a lot of new rules and regulations surrounding evictions. Evictions currently take a lot longer and there are some restrictions around no fault or Section 21 evictions.

One option is to let the tenants know you wish to sell the property. Give them first refusal – if they have lived there for a long time and are in a position to buy, everyone's a winner. Remember, it's much easier to sell a property if you have co-operative tenants happy to allow viewings and willing to move out on time. Some tenants might be happy to move on if you give them enough notice.

Another option is to help the tenants out financially when they're leaving. Offer to cover their removal costs or pay for their first month's rent in a new property. If you can come to some kind of deal, it might make it easier to secure vacant possession.

Not all tenants can be evicted. Tenants on an assured or regulated tenancy have extra protection from eviction. Check what type of tenancy your tenant has before you start eviction proceedings.

Read the government's guide to evicting tenants for more information.

Tax Implications

There are tax implications to think about when selling a buy to let property. Unlike when you sell your main residential home, you are liable for Capital Gains Tax (CGT) when you sell an investment property.

The current CGT basic rate is 18% for residential properties and 28% if your income is more than £50k a year. The first £12,300 of capital gains are tax-free because they are covered by the CGT allowance.

Some costs can be used to offset your CGT bill. These include conveyancing fees and estate agent costs.

Use this calculator to work out your estimated CGT bill.

Always seek professional advice if you need help with your tax affairs.

Mortgage Implications

If the property is mortgaged, check whether you are still locked into a fixed-rate deal. These mortgages usually come with hefty early repayment penalties, which can be as much as 5% of the outstanding balance.

Check the terms and conditions of your mortgage to find out whether you are liable for an early repayment penalty, and if so, how much.

It may be possible to port the mortgage to a new property, which is handy if you have plans to purchase something else with the proceeds of this sale. Again, check the T&Cs of your mortgage product to verify this, or speak to your lender.

It's also wise to ask your lender for a settlement figure, so you can determine how much will be left when you sell up.

Is the Property Ready to Market?

Before you put the property on the market, give it a once-over to see whether anything needs doing.

- Would the property benefit from a lick of paint?
- Is it worth replacing the carpets?
- Are there any outstanding maintenance jobs that need doing?
- Does the garden need sorting out?

Most rentals can look a bit tired at the end of a tenancy, which will probably put off a fair number of potential buyers. Whilst there are always a few people keen to find a competitively priced 'doer-upper' as a project, the vast majority want a home they can move into without spending a lot of time and money on improvements.

It may not be realistic to replace an old kitchen or upgrade the bathroom, but small improvements like a coat of paint and a new carpet can make a big difference to the overall appeal of a property. This, in addition to being chain-free (if applicable), may make it easier to achieve a quick sale closer to the asking price.

Find an Agent

Selling via an agent is not compulsory, but it does make life easier. The agent you choose will firstly depend on whether you are selling a property with a tenant in situ. If you are, you need an experienced agent. Look for a combined estate and lettings agency. They are more likely to be familiar with the complexities of selling tenanted properties.

If you're not selling a tenanted property, in theory, any agent will do. It's useful to pick an agent with local knowledge.

Invite 3-4 agents around to offer a valuation. You can either price the property low to attract a lot of interest or go higher and be prepared to wait longer for a buyer. Do your own research into local property prices. You can then judge whether they are being overly optimistic about the proposed selling price.

Unless you're prepared to be present for viewings, check whether the agent is willing to handle viewings as part of the deal. Online marketing is also essential, as most people use sites like Zoopla and Rightmove to find properties these days.

Estate agents either charge a fixed fee or a percentage of the sale price. Online agents tend to be cheaper, but they don't always offer the same value for money, as this research study found out. High street agents provide a more personal service, are better at validating potential buyers, and can work with you throughout the conveyancing process to chase up solicitors and move things along faster. High street agents are often more proactive and can help sellers achieve a better price.

Before you go with an agent, read their terms and conditions to verify exactly what's included in the price. Check whether things like premium online listings are included or additional costs. Finally, read customer reviews to make sure the service on offer is up to scratch.

Look for a Conveyancing Solicitor

In theory, all conveyancing solicitors offer the same service and the only difference is the price you pay for that service. In practice, some conveyancing solicitors are much better than others – by a country mile!

The solicitor you choose will firstly depend on whether you are selling a tenanted property. If so, look for a solicitor with ample experience in this area, as there are many unique complexities to deal with. If not, any conveyancing solicitor will do, but life will be a lot easier and less stressful if you choose someone proactive and easily contactable.

Many larger firms of conveyancing solicitors these days offer an online-only service. This means all paperwork is dealt with via email and contracts are signed and posted. This saves time and speeds things up, as you don't need to visit the solicitor's office. In practice, it often means solicitors are dealing with heavy caseloads and may sometimes ignore your emails or phone calls if they are not deemed urgent.

It's sometimes a lot less stressful to appoint a local conveyancing solicitor, as it means you can visit the office in person if you feel the solicitor is fobbing you off. It's also worth considering the estate agent's in-house conveyancing service if you want an easy life. The downside is that they tend to be more expensive.

The takeaway here is: choose your conveyancing solicitor wisely. A good solicitor can get the job done with the minimum amount of stress. An overworked or incompetent solicitor will probably cause you more stress.

Property Viewings

Property viewings are all part and parcel of selling a property. As a landlord, you are not actually living in the property, so it's handy if the agent can organise viewings for you. This saves you from making endless trips to meet buyers and give them the sales spiel.

Buyers and Offers

Decent estate agents will screen any offers and potential buyers before passing them on. Listen to your agent when they tell you an offer is worth serious consideration. Use your best judgement here. It's OK to negotiate, but don't be too greedy. A slightly lower offer from a buyer with no chain behind them is often worth more than a higher offer from a buyer who is locked in a chain.

In England, sellers can pull out of an agreed sale if a better offer comes along. This is known as gazumping. It isn't a nice practice, and the universe will frown on you if you ditch your deal with one buyer in favour of another who offers more money, but until contracts are signed, both parties cannot be held to a verbal agreement. This is not the case in Scotland, so bear that in mind.

Completion Day

Completion day is when you get to skip off into the sunset without looking back. Monies are transferred and keys are handed over. In the case of a tenanted property, the deposit is transferred to the new landlord.

Remember to take meter readings so you can close off any energy accounts (if applicable). This saves the hassle of estimated bills.

Wait for a call from your solicitor before you drop the keys off at the agent. They will let you know when the money from your buyer has been received.

landlord vision

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