

2017.03.14

4.5 Deputy S.Y. Mézec of the Minister for Housing regarding the prospect of banning letting agent fees: [1(170)]

Why has the Minister chosen to consult on banning letting agent fees when there is already evidence to suggest they are sometimes charged inappropriately, rather than simply banning them now and instead consulting on reforming other aspects of the letting market?

Deputy A.E. Pryke of Trinity (The Minister for Housing):

I have chosen to consult on banning letting agency fees for tenants because doing so without a detailed evidence base would not be good policy-making.

4.5.1 Deputy S.Y. Mézec:

Is it not the case then that there will be a period of several months where tenants will continue to be charged these fees inappropriately when everybody at the end of the day knows that the writing is on the wall and that it is inappropriate to have these charges? They have been banned in the U.K. Nobody, I think, anticipates that the consultation will not come to the conclusion that they should be banned here. Is it not a better use of government and taxpayer time and money to just get on with it rather than having a lengthy consultation when we pretty much know what the outcome of at least that element of it is going to be?

The Deputy of Trinity:

The Deputy is making an assumption but I understand that in some instances fees do not reflect the reasonable cost. But it is good to have good evidence behind because it is not just on letting fees that I am consulting but other areas such as customer service, repairs and maintenance and tenancy management, so all those I can deal with in one go.

4.5.2 Deputy M. Tadier:

Are there other fees which do not simply apply to letting agencies which the Minister would be happy to ban outright such as contract or lease agreement fees for printing? The Residential Tenancy Law states that everybody has the right to request as a tenant to have a written lease, yet, the landlord has a right to charge for the issue of that lease. Does that not seem something of a nonsense, given the fact that if you have a right to it, surely it should be done for free and it is not reasonable for somebody to say: "Well, look, there you go, there is your lease but you owe me £100 for the printing of it"? Are there certain things like that which the Minister would be quite comfortable to bring to the States Assembly without necessarily consulting on?

The Deputy of Trinity:

I think it always is good policy to consult both on the landlords and the tenants and also to be totally aware of the effects that it may have. We need to go in with our eyes fully open so that is why the review is important, and I am not one to make policy on the hoof.

4.5.3 Deputy M. Tadier:

In that regard then would the Minister consider consulting also on the point that I have just raised in raising that issue with officers?

The Deputy of Trinity:

Which point was the Deputy specifically asking me to do?

Deputy M. Tadier:

It is the fact that a tenant can be entitled to have a lease given to him or her but the landlord can charge for the production of that written agreement.

The Deputy of Trinity:

It is part of the Tenancy Agreement Law, if I remember rightly, that a tenant has to have a full lease and there has to be photographs taken of what the place looks like, and the tenant to put the deposit in the “mydeposit” scheme. But I will look at what the Deputy is asking me to do.

4.5.4 Connétable C.H. Taylor of St. John:

Does the Minister agree with me when I say that the task of letting some properties nowadays is so complex and enormous because of all the rules and regulations, deposit agreements, *et cetera*, that you have to have, that in many cases it is much simpler to go through a professional who can do all the jobs for you?

The Deputy of Trinity:

That might be the case and that is why it is important that this review is done appropriately in asking everyone for their comments, and having evidence to back that up. But I am sure the Constable will agree that I want a private sector that is open, transparent and fair, and that everyone is aware of the costs that are involved; and also understand that there are good landlords as well as good tenants.

4.5.5 Deputy G.P. Southern:

I think perhaps the emphasis from my colleague, Deputy Tadier, was does the Minister consider that we ought to regulate the charges that might be charged for the production of a lease for the tenant, and that it is possible that fees charged to produce that agreement may well be exorbitant in some cases.

The Deputy of Trinity:

Yes, I have had some evidence. The Deputy has given me some evidence, but I need the full evidence to know both sides and to be able to make a good policy decision. If there is enough evidence to show that we need to ban the letting fees I understand that can be done quite swiftly.

4.5.6 Deputy G.P. Southern:

The specific question is the production of the lease, which is the right of the tenant to see, could be charged at a rate which is not commensurate with the cost of copying that lease. Is it the case that the Minister is minded to legislate to make sure exorbitant fees are not charged in this particular way?

The Deputy of Trinity:

I thought I made that clear. It is something that I am definitely looking at but until I get the evidence to show that it is inappropriate it would be wrong for me to comment on one way or the other.

4.5.7 Senator S.C. Ferguson:

These leases for renting property are fairly simple and fairly straightforward for the sort of level of letting that is going on. Is the Minister going to look at the cost of these, which presumably is coming because of legal costs, and is she going to look at reducing the regulations required tied up with letting property? It seems that it is getting far too complicated, far too expensive, and is it not time she looked at simplifying it?

The Deputy of Trinity:

I am all for making things as simple as possible, and on the Strategic Housing Unit website there is a very simple form of how to do a lease and there is a template there, so some of the work is already done. With this review I will have the evidence and we can make a good policy decision, but I understand the Senator's concerns about too much regulation.

[11:45]

4.5.8 Deputy S.Y. Mézec:

In an earlier answer the Minister said that I was making an assumption and of course she is right, I am assuming that common sense will prevail at the end of the day, I know that I can be naïve like that sometimes. Does the Minister accept that the potential impact of this consultation can be diluted when it does not focus on the real areas of contention and instead is open to other areas where the writing is on the wall? Letting agent fees for tenants have been banned in the U.K. and they are not consistent with the principles of the market because they are a fee that goes to somebody who has no choice to go somewhere else where they can get a better service at a lower cost, the choice only applies to the landlords. Does she not accept that on a point of principle it would make more sense to ban those fees now and instead focus consultation on the more contentious elements of the letting market so that the time and resource can be better spent?

The Deputy of Trinity:

No. As I said, a review has gone out, it would be totally inappropriate for me to take a section of that review out now before it is finished. I know the Deputy has great concerns and I hope he has filled in the consultation and put his evidence forward so that a good policy decision can be made. If it needs to be done quite swiftly afterwards I understand that I can do it by an order.