

LV reports renters money at risk as landlords fail to join tenancy deposit scheme



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Press Release Summary: LV= research reveals £4 billion of renters money may be at risk as landlords fail to sign up to government's tenancy deposit scheme

Press Release Body: New LV= research has revealed that thousands of landlords have failed to join a tenancy deposit protection scheme, leaving up to £4 billion of renters' deposits at risk.

The findings, from home insurer LV, reveal that 29% of renters who have moved in the last 12 months are not part of a tenancy deposit protection (TDP) scheme. Despite this being a legal requirement for landlords to ensure tenants' deposits are protected by the Government approved scheme.

Introduced in April 2007, the TDP scheme was set up to ensure that tenants' deposits are not wrongly withheld at the end of a tenancy. The LV= research found that 48% of current renters are unaware that such a scheme exists, and a further 24% said they had heard of the scheme but didn't know any details of it.

All rental properties where a deposit has been taken since April 2007 are legally covered by the scheme, yet among private renters just 27% said their landlord is signed up. This means thousands of tenants could be at risk of having problems recovering their deposit, with over 77% of renters stating they had previously had some or all of their deposit money unreasonably withheld. The average deposit taken by landlords in the last 12 months is £670, so the potential loss is considerable.

To counter this 13% of private renters surveyed said they had refused to pay rent towards the end of their contract, because they expected problems to arise with the return of their deposit.

Under the TDP scheme, landlords must sign up with one of two schemes run by three Government approved financial companies. In the 'custodial scheme', the landlord pays the deposit to the scheme for safekeeping, and in the event of a dispute independent adjudication will decide who receives the deposit money.

In the 'insurance scheme' the landlord retains the deposit and pays a premium to an insurer, who will return the money to the tenant if the landlord does not comply with the adjudicated outcome of any dispute. With both schemes, landlords have 14 days from the date the deposit is taken to inform their tenant of the scheme details.

The **LV=** survey also revealed that 40% of people living in private rented accommodation don't have any [home contents insurance](#) in place, despite the fact that rented properties are more prone to being burgled. Also, of those that do have home insurance, only 10% have a policy that includes a legal advice helpline, which could be used in the event of a dispute with a landlord.

John O'Roarke, Managing Director of LV= [home insurance](#), said: *"This research highlights the need for the Government to raise the profile of this legislation and for it to be more strictly enforced, to protect both renters and landlords, as awareness is currently very low. Although the majority of private landlords are undoubtedly honest, our research shows that many tenants have experienced problems getting their deposit money back in the past, and are worried this could happen again.*

"The average deposit is over £500, which is a significant amount of money, so renters need to make sure they know their rights. Renters should also always ensure they have [home contents insurance](#) in place, as not only are they more likely to be burgled than home owners but some policies will include a legal advice helpline, which could be used in the event of a contractual dispute."

Notes to Editors
The research was carried out on behalf of **LV= by YouGov**. A nationally representative sample of 1193 private renters were questioned online between 22nd to 25th July 2008. Results were weighted to be representative of the UK adult population. YouGov is a member of the British Polling Council.

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