

Why Landlords should use an ARLA Licenced Agent

Hundreds of thousands of pounds of consumers' money is lost each year to unprotected, unprofessional and unethical letting agents. In a survey by the Association of Residential Lettings Agents (ARLA), 95% of consumers revealed that they believe letting agents should be licensed and it is a shock for many to learn that there is currently no scheme in place at all.

A growing number of tenants and landlords are losing out to cowboy agents in the following ways:

- Loss of funds through a lack of client money protection
- No professional indemnity insurance in place to protect a consumer from a serious error;
- Loss of monies due to the unlicensed agency holding the funds going into administration;
- Poor advice to landlords, for example about their legally-required deposit protection responsibilities, which can result in loss of the deposit for tenants and/or a fine for landlords;
- No commitment to best practice or any form of independent redress scheme for when things go wrong.

To prevent the practices listed above, and offer assurance to consumers, ARLA has launched a Licensing Scheme for its members, thereby establishing the highest standards for letting agents in the UK.

Ruth Lilley, Head of Membership and Professional Development of ARLA, explains

"ARLA has lobbied the Government for 10 years to assist us in establishing higher industry standards. For too long the rental sector has been seen as the black sheep of the property market with a lack of regulation of and a requirement for redress to protect the consumer when the agent's failings are to the financial detriment of that consumer.

"The ARLA Licensing Scheme creates the gold standard for letting agents in the UK, offering consumers best practice service and advice – as well as a commitment to the protection of their money."

ARLA licenced members will need to:

- hold a gold standard professional qualification relating to lettings
- undertake Continuing Professional Development (CPD)
- have client money protection schemes in place to protect all tenant and landlord funds
- have an annual independent audit
- have professional indemnity insurance in place;
- sign up to an independent redress scheme;
- abide by a strict code of practice.

None of the above are compulsory for letting agents as standard at the moment.

Adam Sampson, Chief Executive of Shelter, commented

"It is high time the government acted to introduce statutory licensing for all letting agents something that Shelter has been campaigning about for some time. However, industry led best practice is a positive step in the right direction. We welcome ARLA's new licensing scheme and it's commitment to raising standards in the sector. "All consumers should have the right to expect a professional letting service, and have access to redress when problems arise"

Simon Gordon, Head of Communications, National Landlords Association said:

"We very much welcome this latest development as another push to raise standards within the private-rented sector. Letting agents are in a particular position of trust between landlords and tenants and their practices must be above reproach. The ARLA Licensing Scheme should go a long way to ensuring consumers are protected from poor letting agents and improve the image of the sector as a whole."

Letting Agent and past ARLA President David McMaster commented:

"As an agent, this is something I have been campaigning for for years. Having a license helps me to set my business apart from all the unscrupulous, untrained and unethical agents who I hope will one day be ousted from the market because of this scheme."

Paul Ramsden, Deputy Chief Executive, Trading Standards Institute, commented:

"The absence of Government regulation of letting agents has long been a concern for TSI. We have in the past, and continue to, call for tighter controls of this sector. In general, but even more so during these difficult times, people will leave themselves vulnerable to letting agents intent on reaping the benefits of the regulatory gap in which they operate. "

"Though sometimes difficult, consumers, be they tenants or landlords, should seek out letting agents backed by bodies operating OFT-approved codes of conduct to give themselves some level of protection. Whilst it is gratifying to see this increase of self-regulation amongst some sector operators, persons will continue to fall prey to unscrupulous letting agents until such time that a compulsory and robust system of regulations is introduced."

Colin Dean Residential are a Licenced ARLA Member Firm