

New model for landlords and agents

A Deed of Assurance is a legal solution to many problems and trust issues which arise between landlords, letting agents and tenants. Use of a Deed of Assurance can reduce administration, increase goodwill, improve profitability for landlords and letting agents and reduce costs for tenants.

The basic principles are simple. A Deed of Assurance is a legally binding contract between the landlord and tenant, which facilitates integrity. The landlord provides a compensation backed promise not to serve notice on the tenant for an agreed period of time, providing the tenant complies with all conditions of the tenancy agreement. This serves as an alternative to providing a long term tenancy agreement which may well be in breach of a landlord's mortgage conditions.

A Deed of Assurance can also be used as an alternative to renewing a tenancy agreement.

Renewing a tenancy agreement involves re-protecting the tenant's deposit. This involves administration and can also involve extra cost if deposit protection is purchased as an alternative to using the custodial Deposit Protection Scheme. Many landlords refuse to renew tenancy agreements due to these costs and also because they feel more able to take possession in the event of a tenant defaulting once the tenancy becomes statutory periodic. This is in conflict to the requirements of tenants and letting agents though. Tenants may want the additional security of knowing they are not going to get a nasty shock of receiving two months' notice to find a new home. For letting agents, the tenancy renewal and associated fee income is a vital part of their business model.

Using a Deed of Assurance as an alternative to long term tenancy agreements or tenancy renewals is not only more cost effective for all parties, it also creates good will.

Tenants are likely to be much happier with a Deed of Assurance as they are not tied into a long term contract once their initial tenancy has expired. However, they also have assurance that, if they are asked to find a new home at short notice through no fault of their own, they will be entitled to compensation.

Less administration

Landlords, letting agents and tenants are free to negotiate their own terms; the Deed of Assurance template is flexible enough to allow this. The length of the Deed of Assurance period can be any number of months and years and the compensation offered by a landlord for serving notice on a fully compliant tenant can be any multiple of the monthly rent. For example, some landlords may offer a 12 month Deed

A guide to deeds of assurance, which can reduce your costs and administrative burden

of Assurance and two months' rent as compensation if they do need to take possession of the property back within that period, even if a tenant has complied with all conditions. Other landlords may negotiate a premium rent in return for providing a much longer term Deed of Assurance and a much higher multiple of rent as compensation. Either way, a small premium can be charged for producing a Deed of Assurance and there is certainly less administration involved than a tenancy renewal and re-protecting a tenant's deposit.

A Deed of Assurance provides a landlord with the flexibility to serve notice if he needs to but the terms of the contract clearly demonstrate to a tenant that it is not the landlords intention to serve notice and that compensation will be paid if they are asked to find a new home through no fault of their own.

The Deed of Assurance document also makes it very clear to tenants that, if they fail to comply with the terms of their tenancy, the landlord can serve notice to evict at any time without the requirement to pay compensation.

The simplicity of the Deed of Assurance is its strength. Chief Ombudsman, Lewis Shand Smith confirmed this by saying, "The Good Landlords Campaign clearly sets out what the tenant can expect from the landlord and vice versa. In a sector where clarity might be lacking, this is a fantastic development". [Agreement](#)

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