

RIP OFF FEES FOR RENTING PROPERTY CHALLENGED

Prospective tenants wanting to rent a home are being forced to pay over £1000 in questionable fees before they can obtain the keys and move in.

The charges demanded by traditional estate agents have spiralled out of control despite a promised crackdown as more people rent, rather than buy.

A mystery shop of 284 agencies around the UK, carried out for Purplebricks, found the average fee for just admin and referencing was £257 per tenant for a standard rental agreement for a property.

Some agents charge as much as 60% of a month's rent, which can send costs well over £1000, depending on the property.

On top of an admin and reference charge, renters are often asked to pay a host of extra costs. These can include:

- An inventory fee which can be as high as £340
- ID checks which can add an extra £9
- Additional fees for a partner or fellow lodger of up to £125
- Moving in on a Saturday, which can cost £130
- Charges and/or deposits for keeping pets at the property

In addition to these extra charges, some agencies ask tenants for non-refundable holding deposits to secure a property, adding to the financial burden of finding enough money upfront to rent.

Making small changes to existing contracts also mean more eye-watering charges. One agent wanted £300 to extend the tenancy while another asked for £320 to print and post a contract if a tenant did not have an email address.

Purplebricks, which offers a 24/7 service to landlords and tenants, is challenging traditional agents by charging a flat fee of £118.80 per tenant. There are no other fees on top, except when an inventory is required by the landlord, in which case the tenant is charged a maximum inventory fee of £60. It does not ask for renewal fees.

In less than two years Purplebricks has become the third biggest estate agent in the UK as people look for a fairer deal when buying, selling, renting or letting a property.

Michael Bruce, CEO, Purplebricks said: "We believe in a better deal for consumers. The fees currently charged by agencies lack transparency and tenants are faced with an array of extra charges they simply can't avoid if they want to rent a particular flat or house. Some of these are outrageous and bear no relationship to the actual cost of drawing up a contract or making a credit check.

"Over a third of homes in England and Wales are now rented and while some see renting as a stop gap before buying a home, or enjoy the flexibility renting offers, some can't afford to buy. At a time when it's becoming more expensive than ever to rent, it's outrageous that less scrupulous agents are profiteering from unfair fees charged to both tenants and landlords – they are getting two bites at the cherry. Tenants need to know what they will be charged so they can properly budget.

"We are determined to transform estate agency and make renting, letting, selling or buying a home fair, affordable and transparent."

When it comes to moving out of rented accommodation, handing over more cash to the agent is par for the course, with a final inventory check costing tenants up to £200, the study found. Losing a key can bring a £60 bill and forgetting the end of the energy and phone contracts costs another £50. Leaving a single cardboard box behind can result in a £30 'clean-up' charge.

Wanting a reference for a new home from an agent is as much as £60, while paying by credit card can add another 3% on the bill.

The biggest gripes faced by tenants airing their grievances in chatrooms included paying a £250 fee for failing to retrieve a sock from under a bed and paying £360 for a professional clean of a three bed house.

The research comes as an online campaign has called on Housing and Planning Minister Gavin Barwell to take action on agency fees in England and Wales. In Scotland fees are regulated.

All agents are required to publish fees on websites following new regulations introduced a year ago however the absence of industry-wide rules means agents in England and Wales feel they are free to charge whatever they want.

The final bill can then come as a nasty shock to tenants, often leaving the current 5.2 million private renters in the UK no choice but to pay up or risk losing a property.

Notes to eds:

Average admin and reference charge per tenant by city/region (inclusive of VAT):

London £260
Bristol £411
Manchester £276
Liverpool £234
Leeds £246
Newcastle £404
Birmingham/West Midlands £306
Derby £305
Leicester £344
Wolverhampton £246
Bournemouth/Southampton £357
West Country (Devon&Cornwall) £295
Surrey/Sussex £332
Bradford £139
Cardiff £290
Nottingham £281
Wiltshire £299
Ipswich/Suffolk £305
Norwich/Norfolk £297
Northamptonshire £321
Lancashire £247
Swansea £228
Essex £320
Hampshire £356

Sheffield £278
Kent £356
Brighton £217
Northumbria £329
Yorkshire £258
Cheshire £391
Staffordshire £332
Middlesex £343
Hertfordshire/Buckinghamshire £401
Oxford £418
Somerset £390
Gloucester/Hereford £423
Berkshire/Reading £419
Worcestershire £296
Lincolnshire £275
Cambridgeshire £317
Bedfordshire £287
Dorset £330

284 agencies, chosen at random. Research carried out for Purplebricks by Crosbie Communications.

*This cost includes VAT. Purplebricks charges £99 + VAT – or £118.80 including VAT - per tenant. This includes referencing and admin fees. We do not charge a holding fee or renewal fees. If the landlord wants an inventory, we charge £90 for 1 to 3 bed properties and £120 for 4+ bed properties. To ensure fairness, this cost is split 50/50 between the tenant and landlord. Guarantor and student fees are £72 (inclusive of VAT).