

Press release: Security deposit cap reduced to save renters hundreds of pounds

Private renters are set to benefit from new measures reducing the amount tenants have to pay up front to secure a home from 6 weeks' rent to 5 for annual rentals of under £50,000.

The move, announced as part of the [Tenant Fees Bill](#), is a further step by Communities Secretary James Brokenshire MP towards ending costly fees imposed on tenants when they first move into their property – creating a fairer housing market that works for everyone.

Around 1 in 3 renters who currently pay a deposit are set to benefit from the change – saving tenants £64 million in the first 12 months by keeping more of their hard-earned cash, while also making sure landlords are able to recover costs in the event of damage to their property.

The new cap will apply to properties where the annual rent is less than £50,000. A deposit of 6 weeks' rent will continue to apply where the annual rent is £50,000 or more.

Communities Secretary Rt Hon James Brokenshire MP said:

Today's amendments will make renting a home of your own more affordable, fairer and more transparent – enabling tenants to keep more of their cash and stopping unexpected costs.

Everyone deserves a home to call their own. Yet for some renters, moving to a new house can be difficult due to high upfront costs and letting fees.

This is unacceptable. I want to see a housing market that truly works for everyone, and one which provides a better deal for renters.

Other amendments to the Bill include protecting tenants from unfair fees by limiting the type of default fees that can be charged by landlords and property agents.

This change means that during the tenancy landlords and agents will only be able to charge fees to replace lost keys or for late rent. Landlords will still be able to claim back costs for damage through the tenancy deposit at the end of the tenancy. However, landlords and agents will not be able to write lots of different default fees into a tenancy contract and tenants cannot be charged hundreds of pounds for a damaged item that actually only costs a few pounds to replace.

It builds upon comprehensive measures taken by ministers to increase protection for tenants and drive up standards in the private rental sector, including:

- scrapping letting fees charged by both landlords and letting agents, which can cause a significant affordability problem for tenants and are often not clearly explained
- capping holding deposits at no more than 1 weeks' rent and ensuring landlords and agents return holding deposits to tenants within 14 days
- capping the amount that can be charged for a change to a tenancy at £50 unless the landlord can demonstrate that greater costs were incurred

The deposit cap of 5 weeks' rent only applies to properties where the annual rent is less than £50,000. A deposit cap of 6 weeks' rent will apply where the rent is £50,000 or greater. Properties where the annual rent is greater than £100,000 are out of scope.