

TENANTS AND LODGERS: RETURN OF DEPOSITS

**Lodged au Greffe on 20th March 2001
by Senator C. Stein**



STATES OF JERSEY

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion -

to request the Housing Committee to investigate the feasibility of a scheme to safeguard the rental deposits paid by tenants to landlords or agents in the private sector, and deposits paid by lodgers to lodging house owners or their agents, to ensure the prompt return of the monies due at the end of the period of occupation, and to report back to the States within three months.

SENATOR C. STEIN

Report

The non-return of rental deposits is a common problem. Often tenants and lodgers face delays of weeks and in many cases the deposit is withheld altogether, with little or no reason given.

The Citizens Advice Bureau (C.A.B.) have many examples of this practice and, having been approached myself, I have uncovered much evidence with very little effort and, indeed, continue to receive complaints.

The only legal remedy open to the tenant or lodger seeking to recover her/his money is to initiate action through the Petty Debts Court. This takes a minimum of two weeks. In most cases people give up, either because they are returning to the United Kingdom or they feel disadvantaged as they are not used to a courtroom scenario, or because of the perceived or real threat of the landlord using a lawyer, and various other quite understandable reasons. Other Commonwealth countries have found solutions which work both for the landlord and tenant or lodger. These solutions are secure, self-financing and need little manpower. In Australia for example only two per cent of cases go to a local tribunal.

In the United Kingdom the National Audit Office has found that almost half of the respondents who obtained judgement in their favour in the small claims court had to take enforcement action, and of those, only about one third succeeded in recovering all or part of their claims. With the evidence the C.A.B., the Jersey Consumer Council and I have, it shows that we are little different than the United Kingdom and we have to accept that we have a problem, in particular where the pressure on the housing market is so much greater.

Where agents hold tenants' deposits in separate clients accounts, they still have to obtain the landlord's consent, which could be withheld even if the agent has agreed that there is no claim to be made on the deposit.

At present the absence of regulations leave the system wide open to abuse. It does not work in the interest of the landlord either, as it tarnishes the image of the private rented sector, and in case of a dispute the landlord will have the advantage of a third party adjudicating.

The proposition will have no financial or manpower implications for the States as the scheme can be self-financing and can be outsourced.