

Transcript

RRA Unit 2.4

Rent in advance changes

Hello everybody. In this video, we're going to have a look at the Renters' Rights Act and the new rules around rent in advance. There are some big changes in the context of what landlords can ask for in terms of rent in advance.

Why is this important? Why has the government brought it in? As many of us will know, quite often landlords will say a couple of things when you've got prospective tenants. You might have landlords that say, "Well, hang on a second, I need you to pay rent in advance, and I want three months' rent in advance," or, "I want six months' rent in advance." That's not uncommon these days. Quite often, that's something that a landlord or a lettings agent will ask for: "And I want that before the tenancy is signed, so I need to see the colour of your money, really. So I need you to pay me three or six months' rent in advance."

What that does, obviously, is a form of discrimination, isn't it? Because if you've got lots of savings and you can put up three months or six months' rent in advance, then that's fine; you're more likely to be chosen. But if you're on a low income or if you are on benefits, then that might be extremely difficult. You're not going to be able to find, say, more than a month's rent in advance.

Okay, let's have a look at these changes, because this is quite a big one. So what are the new rules in relation to rent in advance? For any new tenancy – let me emphasize, new tenancies only – for any new tenancy after the 1st of May 2026, a landlord cannot require: (A) a payment of rent in advance of the tenancy being signed. So before the tenancy has been signed, they cannot require rent in advance. And (B) once it's been signed, they cannot require the payment of more than one month's rent in advance. I'll just repeat that because it's so important. Before the tenancy is signed, you cannot require the prospective tenant to pay rent in advance. Once the tenancy is signed, you can require them to pay rent in advance, but that payment is restricted to no more than one month's rent in advance. That is the big change.

These new rules will only apply to new APTs starting on or after the 1st of May 2026. So it doesn't apply to arrangements, tenancies that were signed before the 1st of May 2026. So even though, for example, I might have signed an AST, an assured shorthold tenancy, in December 2025, and that tenancy converts to an APT on the 1st of May, if

the tenancy agreement said three months' rent in advance is the requirement, then that would still be valid for you to have to pay as a tenant three months' rent in advance on that basis, because it only applies – these new rules on rent in advance – to new tenancies signed on or after the 1st of May 2026.

Let's get a bit more technical around what the Renters' Rights Act says. Here we have it quoted: "Landlords and letting agents must not accept a prohibited pre-tenancy payment of rent from a relevant person." We'll come on to what a relevant person is shortly. Then the second bullet point: "Landlords and lettings agencies must not invite or encourage a relevant person or accept an offer from a relevant person to make a prohibited pre-tenancy payment of rent."

Why is that important – "cannot invite, encourage, or accept an offer from a relevant person"? You might have someone saying, "Look, I want to secure this property, landlord, so what I'm going to do is I will voluntarily offer, in advance, if you give me the tenancy, if you agree I can sign for it, I'll voluntarily offer you six months' rent." Well, that's not going to be allowable because I have accepted an offer of a relevant person for a pre-tenancy payment of rent before the tenancy was signed, and that's not going to be allowable under the rules.

So what is a relevant person? A relevant person is defined under the Tenancies Fees Act, and it's a tenant, or the person acting on behalf of a tenant, or the guarantor. That's what's defined as a relevant person: a tenant or the person acting on behalf of that tenant, or some form of person acting as a guarantor. So it's important that we understand what a relevant person is, because actually, a relevant person does not include councils.

Your housing options service is desperately trying to get individuals and families into the private rented sector, and you're not covered by these changes. You will still be able to pay rent in advance, and that rent in advance could be in advance of the tenancy being signed, and you'll still be able to make a payment of more than one month's rent in advance if that's going to help, say, a homeless family access a private rented home. You might say, "Why are councils able to do it and individuals are not able to do it?" It's because under the Tenancies Fees Act, councils are not defined as a relevant person. It's only relevant persons who are prohibited from paying rent in advance before it's signed and from paying more than one month's rent in advance.

These changes from the Renters' Rights Act on rent in advance might be really advantageous for housing options services, because you're going to be able to make

payments that others are not going to be able to make in terms of trying to persuade landlords to take somebody that's homeless or somebody that might be on benefits. So what can a landlord ask for after the Renters' Rights Act comes in on the 1st of May? There is loads of confusion here, and we mustn't confuse the issue about rent in advance with other payments like deposits. This slide gives us a list of what a landlord can ask for so we're all clear.

A prospective tenant can be asked to pay a holding deposit of one week's rent, and that has to then be applied to the first month's rent. So a prospective tenant that hasn't yet signed the tenancy can be asked to pay one week's holding deposit, and that will be offset, if they do end up signing the tenancy, against the first month's rent.

Obviously, if they're not chosen, then that holding deposit must be paid back to them. Then, let's say after tenant referencing, if that's what the landlord wants, the landlord then agrees to let the property to the tenant. The tenant signs the tenancy agreement and now pays over the tenancy deposit. Tenancy deposits are still allowed under these rules. It's just about the amount of rent in advance. So the tenant signs a tenancy agreement and pays the tenancy deposit. That tenancy deposit is limited, for most rents up to around £50,000 per annum, to five weeks' rent. So the landlord can get a tenancy deposit once a tenancy is signed, which is up to five weeks' rent, and they may already have the holding deposit of one week's rent.

The landlord then signs the tenancy agreement with the tenant. What the RRA then says is that the tenancy agreement has now been entered into, and this is now called the permitted pre-tenancy period. Once the tenancy agreement has been signed by both parties, been entered into, this then becomes the permitted pre-tenancy period. In this permitted pre-tenancy commencement period, the landlord can ask the tenant to pay the initial rent. However, the initial rent can't be more than one calendar month's rent in advance, and obviously, the landlord needs to subtract the holding deposit of one week's rent if they've asked for the holding deposit. Then the tenant moves into the property on the first day of the tenancy.

That clarifies what a landlord can and cannot ask for under the Renters' Rights Act. They're still able to ask for a deposit. They're still able to ask for the holding deposit as well of one week's rent. But they can't ask for rent in advance before the tenancy is signed, and once it's signed, they can't require more than one month's rent in advance.

I guess when it's signed, if the tenant wishes to pay voluntarily – not been asked to do so, it's not a requirement of the agreement – if they want to pay more than the one month's rent in advance, that would be for the decision of the tenant. No doubt there'd

be a bit of confusion on that, and no doubt there'd be a few tenants saying they were just persuaded to go down that line. But anyway, those are the Renters' Rights Act rules specifically on rent in advance.

I'll see you on one of the other videos.