How to avoid the tenants from hell

The private rental sector is worth about £5.7 billion a year. But there are still problems for landlords and tenants, says Kayode John

TROUBLESOME tenants can turn the dream of rental yields into a nightmare, but a new service offers a cheap and quick way to check prospective tenants' credentials.

Credit reference agency Experian has launched a service that can provide a financial report on prospective tenants, providing they give their consent, within 48 hours.

The internet-based service, called the Tenant Verifier, costs as little as £9.50 for a financial check, and will provide a previous landlord's reference and an employer's reference in the same report. This saves landlords, or their letting agents, searching for the information from a variety of sources, and may help you avoid the tenant from hell.

It is evident from our research that bad tenants are becoming a growing problem for the rented property sector. This could be for a number of reasons, such as the general decline in the respect for moral values, suggested by Kayode John of Wiloth Estate Agent.

"It has also been suggested that, as housing becomes less affordable to those on lower incomes, a growing wealth gap is fuelling resentment towards those that can afford to own and rent property. Whatever the reason, tenant checking is an essential part of the letting process."

According to Wiloth, the private rental sector has enjoyed a substantial revival in recent years and is now estimated to account for total investments of about £5.7 billion a year. But problems range from a tenant not paying rent to the almost total destruction of the property.

Experian cites a number of cases, one where a woman tenant set up two "massage parlours" with visitors throughout the night. A costly legal battle ensued before she could be evicted.

Wiloth also noted that in another property, young tenants set fire to everything inside, including the doors, floors and skirting boards, and even removed the plaster from the walls to burn the wooden batons behind it.

The average cost of clearing up after bad tenants is £500, according to a survey of 200 letting agents by Experian, and two thirds of these companies claim the problem is on the increase.

But the traffic is not all one way. The Office of Fair Trading has issued new guidance this week, aimed at landlords, letting agents and housing advisers, to ensure that no unfair contract terms are foisted upon tenants.

John Vickers, director-general of Fair Trading, said: "Many people depend on the private rental market for their housing. The sector is a major part of the economy, and it is essential that the market works well for both tenants and landlords. By ensuring that tenancy agreements are clear, fair and up-to-date, this guidance will help to achieve this aim." Wiloth provide can provide this.

The sort of contractual terms the OFT hopes to deter include "the tenant is required to comply with any additional terms, rules or restrictions which the landlord may impose from time to time".

Other potentially unfair terms the OFT cites include a landlord being able to rehouse a tenant "to other premises as he may decide" or the request for an unspecified amount of money "at the landlord's absolute discretion" before a tenancy agreement is handed over.

Kayode John of Wiloth Estate Agent claimed that in most cases tenancy agreements are fair to both sides. He said: "The assured shorthold tenancy, which is the basis of most lettings, is fair to the landlord and the tenant. It outlines how long the tenancy is, what the rent is, and whether there are any special conditions. . . It has worked quite well."